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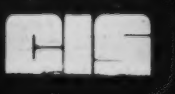

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SMALL BUSINESS PROBLEMS IN WYOMING RELATED TO THE ENERGY INDUSTRY

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

SMALL BUSINESS PROBLEMS IN WYOMING RELATED TO THE ENERGY INDUSTRY

WORLAND, WY—AUGUST 14, 1987

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SMALL BUSINESS PROBLEMS IN WYOMING RELATED TO THE ENERGY INDUSTRY

FRIDAY, AUGUST 14, 1987

U.S. SENATE,
COMMITTEE ON SMALL BUSINESS,
Worland, WY.

The Committee met at 9 a.m. at the BPOE Elks Club, Worland, WY, Hon. Malcolm Wallop (acting chairman) presiding.

STATEMENT OF HON. MALCOLM WALLOP, A U.S. SENATOR FROM THE STATE OF WYOMING

Senator WALLOP. Good morning, everyone.

Let me begin by welcoming you to this hearing. It is an official hearing of the U.S. Senate Small Business Committee. We have a representative of the Staff of that Committee here with us, today, Chuck Culver, whose family is from this area; and it is nice to have you here, Chuck.

And nice of all of you who have come to participate, and all of you who have come to witness this hearing, to be here this morning. Let me bid you welcome.

The purpose of the hearing is to provide those of you who are here, and other business people across the State, with the opportunity to explore the role small businesses play in stimulating Wyoming's economy, and to share ideas on creating and sustaining business ventures.

A number of constituents have written to me over the year, or over the past 2 years, really, voicing their deep concerns about certain areas of Wyoming's economy, and to ask what the Federal Government can do to help.

Unfortunately, there never has been a clear Federal responsibility in regional economics; and even had there been, there are certainly no easy answers for those kinds of letters in an era of runaway Federal deficit.

Furthermore, if we have learned anything from the slumping energy industry, it is that we cannot continue to rely on any one industry for our economic livelihood.

It is, when healthy, a golden goose providing great economic potential and resources. But the goose that lays these golden eggs also molts from time to time. And the greater our dependence on this single supply, and for our economic energy, the greater the suffering when she's down.

Clearly, yes, our economy has been better. Nevertheless, it is important to look at the whole picture.

I have long been aware that despite the economic downturn, there are folks in Wyoming who are forging ahead with creative and successful new businesses. It is these business ventures that provide optimism, and that can spur our economy toward greater growth and sustain the rest of the economy that exists here.

Clearly not one but many keys exist to diversifying and enhancing Wyoming's economic base, and all small enterprises, which comprise nearly 80 percent of all Wyoming businesses, hold some of the most important keys.

I hope this hearing will help provide us with a means to match our keys with the doors to the better economic future, and with that in mind, I have invited small business men and women here to discuss how they developed their enterprises, what particular decisions have brought success; what impediments, whether Government, capital, transportation, or whatever they have encountered, and what information or assistance is needed to enhance these business opportunities for the future.

I would hope that the ideas, and the comments, suggestions, and even the frustrations can flow very freely, and that we can take this opportunity to learn from one another.

In addition to business men and women, I have asked representatives from the banking community, from local chambers of commerce, from marketing organizations, from local and regional economic development groups, and State and Federal Government to discuss their particular roles in assisting small business and enhancing the State's economy.

We will hear what these organizations are doing to stimulate the State's economy, what products or services are available to small businesses and what is being done to advance their opportunity.

Let me note that both the SBA and Small Business Development Center representatives that are here have offered their time, once this hearing has concluded, to answer questions and to provide information to anyone who is interested, who may need it. So after the hearing, you will see them here, and if you have questions or you have comments to make, please feel free. They have generously offered that time.

The purpose of the hearing is not to add to the stacks and stacks of hearing reports that gather dust back in Washington. I am convinced that the Small Business Committee will learn from the record that we compile here today.

And just as importantly, I want this hearing to help us learn from success and failure, how ideas, hopes, frustrations, and optimism can work together, so that we can successfully restore stability and growth in our State.

Wyoming folks are known for determination, and the seeds of Wyoming's economic future are here. This is a good and a really vital State, and its prosperity and future are not in doubt. The next steps are ours to take.

Now, just a couple of words, before we get under way: Necessarily, there are a lot of people here, so we are going to limit the testimony to about 5 minutes on each panel, in order to try to get everybody done in a time schedule which is allotted to this hearing. Some wish to get back to work, or have other appointments.

It is very informal. The purpose here is to learn, and certainly not to lecture.

Let me, in addition to thanking once again Bonnie Cannon, from my staff in Washington, who represents me and does the staff work of the Small Business Committee.

Let me say, as well, my real thanks to Mary Fletcher, who is my office director in the Sheridan office, whose territory includes Washakie County. Mary has done a lot of the leg-work in getting this thing done, and had it not been for those things which Mary has done, we wouldn't be here today. I appreciate it.

And I appreciate the presence of Mr. Culver.

We will now, get started just a little bit early. The first business panel consists of Ken Brown, of Worland, who is a radio station owner and operator.

Mr. Randy Carter. Is he here? Randy is from Evanston, and represents Ehman Engineering, a manufacturer of computer disc drives.

One of the benefits to the downturn in the energy economy is that there are a great many highly trained people who no longer work in the energy industry, and are providing big jobs in Wyoming from another perspective.

Makayla Seger, from Gillette, E–Z Make. Is that a correct pronunciation?

Ms. SEGER. (Nodding head.)

Senator WALLOP. E–Z Make, Inc., which specially designs bed sheets for hotels and motels, and greatly reduces the times for making up rooms, is also a hotel owner.

And Omar Lane. Omar is here this morning. Omar is from Prime Industries, which manufactures and markets treadmills.

Here is a dimension of Wyoming business that I think will be really pretty enlightening to us.

Ken, since your letter was one of the geneses of all of these things, why don't you begin.

STATEMENT OF KENNETH R. BROWN, KWOR RADIO, WORLAND, WY

Mr. BROWN. Thank you.

I'd like to express my appreciation to the Senator and his staff for making this hearing in Worland possible.

It's an historic event, here, and certainly the timing of this event might be a little more positive than would have been were it held a year ago. Things are starting to turn somewhat in our State.

But I would like to reflect, if I may, on what has transpired in the last 5 years, or so:

As you are well-aware, our State, along with neighboring States, has suffered great economic woes in this past 5 years approximately. In fact, Wyoming's history shows boom/bust cycles as a regular occurrence.

We are a commodity State, and therefore our economy is subject to supply and demand—but there are things that can be done:

Our Main Street has been devastated. The historic Hotel Washakie, the heart and soul of our community, is waiting to be torn down. Businesses have folded, leaving our town with holes in its

heart. Our agriculture friends have seen their neighbors' farms and ranches auctioned off.

And all these things touch what is most important: The lives, futures, hopes, and dreams of people. Many have lost everything, while most of the rest of the Country prospers.

There are too many causes to discuss in the short time alloted this morning. Our lack of a comprehensive energy policy is one factor. We have grown used to and expect low gas prices in our Country, while Europe and Asia have long recognized it is simply not possible.

Deregulation, while a good idea, not only in minerals but in telephone and communications, airlines, trucking and other areas, must be approached with caution.

For those companies that were working in these areas before deregulation took place were working under a set of rules that all of a sudden were changed.

These companies were put together to comply with guidelines that no longer exist. They were financed and constructed under rules that have given late entries an advantage, because those that developed the specific areas were built and functioned under heavy regulation.

Our industry is a perfect example. For those of us that have been involved for a number of years might have well over $300,000 invested in a small operation, in a small town like this, in equipment just to operate.

Under the new deregulations, you can find that people can enter into this business with as little as a $20,000 investment; simply a satellite dish, a cartridge machine, no local announcers.

All they need is those few items, and put their operation on, and without local identity, they just pipe it in from Dallas or Minneapolis.

Deregulation must be approached with caution. It's fine to set up new rules that make it easier to operate, but what about those of us who have had to operate under the old rules, that are stuck with huge investments that now make our operations costly and cumbersome under the new rules, therefore placing us at a disadvantage in a more competitive marketplace.

The Senator said this morning that what Wyoming is to become is in Wyoming. We must make what is to happen, happen. He also very eloquently told us that he's discussed it with the Congress, in its actions.

Perhaps it is time to recognize that little can be done to affect our runaway Government in Washington, and that our Representatives there must get more selfish, like many others have become, and spend their time pursuing items that will be beneficial to the State they are representing.

Help us with your influence to find and attract those industries that might possibly relocate to Wyoming. Help us to diversify our economy. Help us to eliminate the boom/bust cycles that Wyoming has historically operated under.

Go to corporations, persuade them that it will be to their best interests to make a move to Wyoming. Many others have done so, very successfully. Put your energies to work where they will do Wyoming the most good.

Clearly, our Federal Government is so far out of hand, it will never be brought back into line. The Congress hasn't the will to do so. So let's have you, our Representative, do what you can to help us directly.

Thank you.

Senator WALLOP. Thank you, Ken.

[The prepared statement of Mr. Brown follows:]

Testimony of Kenneth R. Brown
1830 Crimson
Worland, Wyoming 82401

Before the Senate Small Business Committee, Worland, Wyoming August 14, 1987

First I would like to greet the Committee and thank the Senator and his staff for making this hearing possible in Worland, Wyoming. It is an historic event and shows concern for your constituency in Wyoming.

Since 1982 we have experienced a recessive period in our States economy. As the years have gone on it has worsened. You only have to drive down our main street "Big Horn Avenue", to see what has happened. Clearly, Worland, Wyoming and all Intermountain States has suffered severly. Businesses have gone bankrupt, homes and farms and ranches have been lost, families and their futures have been destroyed In my opinion there are three major causes. One-our Federal Government has failed to adopt a National Energy Policy that makes sense. Have we learned nothing from the 1973 Arab embargo? We again are growing more and more dependent on middle East oil while that area of the World continues to exhibit unstability. Therefore it is unreliable. Which puts our National security in jepardy. We continue to take advantage of the cheap oil prices which only recently have rebounded. But, in doing so we have destroyed the very structure of our own industry and its ability to provide what is necessary in time of National Crisis. It seems to me that a National Policy that keeps our mineral industry healthy and strong on a continuing basis is in the best interests of everyone in this Country. Two-our farm crisis has led to unpresedented farm auctions, nearly destroying the family farm concept that has been the most efficient food and fiber system in the World. These two problems, the mineral industry and agriculture have developed our third most pressing problem, banking..the banking industry has taken gigantic losses. As a result, while there is ample money to lend, it is near impossible for entrepreneurial activity to take place. No bank in its right mind is going to take a chance on anyone. They must be able to have every note written fully backed by assets. In other words they are in a position that the only money they can loan is to those that don't need it. Those that do have an idea, an ambition, the ability to succeed with hard work can't get the financing necessary to make their project go.

Ladies and Gentlemen, the American Dream is dead in Wyoming; We and all of Rural America, in my opinion have been written off by our Federal Government. Yes, the timing of this hearing gives you the opportunity to say that things are now on the rebound. Our mineral industries appear to be recovering for two reasons really. Our consumption in this Country is growing again because of cheap prices and there is instability in the Middle East. But, what about the past five years. Must we go through these incredible boom-bust cycles that destroy families.

It seems we can find millions, even billions of dollars each year to send to foreign countries only to see them turn on us. But, we cannot find the way to insure domestic stability in our economy. Our Federal budget is a mess, ~~which~~ our deficit and trade imbalance far out pacing our ability to pay.

It is time to stand up for America. To take steps that will insure the survival and vitality of our three most important American Industries. Agriculture, Minerals and Banking.

It is time to renew hope in this Country, to bring back the American dream that built this country and made it what is was. It is time to look at our own problems before we try to solve the World's problems. It is time to insure our own security and economy and therfore the future of America.

Thank you

Senator WALLOP. Randy Carter.

STATEMENT OF RANDY CARTER, EHMAN ENGINEERING, EVANSTON, WY

Mr. CARTER. I'd like to thank you for inviting us to come up to this Small Business Committee meeting. I have a little outline of what I'd like to present, in the intent of the meeting:

First, I want to tell you a little bit about Ehman Engineering. It started as a Memory Upgrade Company by Michael Ehman, in March of 1985.

In June of last year, Michael and I decided to go full-time, and put this business of making memory upgrades and mass storage devices for the MacIntosh computer. And currently, we now employ about 24 people within our organization.

When we started up this business, we started up with pretty-much a bootstrap operation, and with a small amount of funding, and going from sale to sale to fund the operating costs of the business.

When we found out that there are some economic development programs in the State, we applied for one within the State of Wyoming, and we first went to the city council and got a resolution passed to proceed with this funding, and got that resolution passed in November 1986.

We completed our loan application for the EDS board project, back in December 1986, and we went to and presented before the EDS board in March 1987, where they unanimously approved our project for helping us fund our business and growth in developing mass storage devices for the MacIntosh computer.

Presently, that project is about 90-percent completed. It is not entirely done. And we are continually working on developing new projects and new sources of funding, to fuel our growth in the personal computer market.

Within the business goals of what we see Ehman Engineering has, we want to provide a quality product at a competitive price that can be marketed, and is currently marketed, not only nationally but internationally. We would like to develop a stable business for expanding growth, and take advantage of the new markets that come up in the personal computer market.

The economic advantages that Ehman Engineering sees that Wyoming has, and why we are here, is that it has low taxes on personal, corporate, and capital assets; it has a good and hard-working labor force, that we can tap into; it has very low costs for office and warehousing, for overhead reasons; and also, in our case, for Evanston, has very reasonable access to personal and commercial transportation systems.

We have experienced several stumbling blocks along the way with getting economic development in the State of Wyoming, and I have outlined here some suggestions for improvement of that process. The first one I have is outlining application requirements.

It was very nebulous, when we first started, as to what the application requirements really were, and what we're really getting into. The amendment four process now has a very well outlined process, as to what I have seen of it.

I think the biggest thing that would improve the process is improve communications. Improve communications between the State, municipality and the applicant.

I also have some basic suggestions on what we could do to assist new small businesses within the State.

Within our development as a small business within the State, we've run into a few stumbling blocks with registering with all the Government agencies that require your registration as a business, so if there is some kind of agency or brochure outlining all the requirements that you were required to sign up for, when you start a small business, including not only your business license, but the employment security, workman's compensation, and a lot of kinds of things, that would help out a small business insofar as their initial organization and onset from the very beginning.

And, also, there is a wealth of talent out there, for people who have started a small business, that can help out people starting new businesses, so they don't have to reinvent the wheel every time.

The local organizations can be more outgoing in showing, you know, what kind of tools you need to have your small business operate.

And that's basically what I see as helping out small businesses within the State of Wyoming.

Senator WALLOP. Thank you, Randy.

[The prepared statement of Mr. Carter follows:]

STATEMENT OF RANDY CARTER

EHMAN ENGINEERING, INC.

Presentation to the Small Business Committee

I. History of Ehman Engineering:

Ehman Engineering was started in March, 1985 by Michael P. Ehman as a part-time computer Memory Upgrade company. The company began its full time operation in June of 1986 with the addition of Randy Carter and the introduction of the 800k disk drive product added some months earlier. Hard disk drive products were added to the companies product line in November of 1986, As of this date, Ehman Engineering employs 24 employees in full and part-time capacities.

II. History of Application for Wyoming Economic Development Funds:

The Evanston City Council passed a resolution for the application of development funds in November of 1986. A loan application for the Economic Development and Stabilization board was then completed in December, 1986. Representatives from Ehman Engineering attended the Planning Grant EDS Board meeting in January of 1986.

In March of 1987, Ehman Engineering presented their business project before the EDS Board where it was unanimously approved. The business project funding is currently 90% complete.

III. Business Goals of Ehman Engineering:

Ehman Engineering strives to provide a quality product at a very competitive price. The company also is striving to develop a stable business that can provide for expanding growth and take advantage of new markets in the personal computer market.

IV. Economic Advantages Wyoming offers as Ehman Engineering Views Them:

Wyoming has low taxes on personal, corporate, and capital assets. A good and hard working labor force exists in Wyoming. The costs for warehousing and office space are relatively affordable and there is reasonable access to personal and commercial transportation systems.

V. Suggestion for Improvement on Wyoming Economic Development Programs:

Application requirements might be better outlined for small business to take advantage of. The amendment 4 application is very positive. A definite need for improved communications between State, Municipality, and Applicant is observed.

VI. Suggestions for Improvement of Assistantance to New Small Businesses:

The publication and distribution of brochures and literature outlining all required governmental requirements would be a benefit in assisting new businesses from the onset of their decision to start up a new business. Examples of the brochures that might be produced would include business license requirements, workman's compensation laws, employment security reporting, state sales tax, etc.

Local organizations might also be in the position to adopt programs that would help new small businesses. They might conduct seminars, workshops, etc. to provide guidance and specific requirements to those with the desire to start their own small business.

115 Apache, Evanston, Wyoming (800) 257-1666 (307) 789-3830

Senator WALLOP. Makayla Seger.

STATEMENT OF MAKAYLA SEGER, PRESIDENT, E-Z MAKE, INC., GILLETTE, WY

Ms. SEGER. Thank you. I too, am honored to have been invited to come to this hearing. I've never done any sort of thing like this before, so I have to admit I'm a little nervous.

From our experience, if you're going to start a business these days, you need plenty of guts, nerves of steel, and a large support system of help. But I don't think you can do anything any more with just hard work. Starting a business has turned out to be somewhat of a highly political proposition.

After other business experiences and of owning a Motel in Gillette—it's the Prime Rate Motel, in Gillette—for 1½ years, my husband Orville and I were looking for a way to cut operating expenses; because of this, we ended up coming upon, because of my past experience with sewing, we designed a double-bedsheet system that has grown into a company known as E–Z Make.

In short, the system cuts bed-making time from approximately 3½ minutes to approximately about 1 minute.

I don't need to tell you, if you're making 100 beds a day, what that does to your labor cost.

Orville and I talked informally with our local Campbell County Economic Development Corp., about the first of this year, exploring the possibilities of a manufacturing facility for these sheets in Gillette.

By April, we began serious discussions about the State funding: Community development block grants, amendment four, and so forth. We decided to apply for the amendment four loan to help our company get off of the ground.

By this time, we had conducted our own marketing survey and discovered a ready and enthusiastic market for the sheets. Whenever we've presented our product, we were met with eager "Yes" answers. We bought a small building and began production on a small scale. We began our marketing efforts.

A couple of these included going to Springfield, MO, where we met with John Q. Hammonas, who is involved with several Holiday Inns—well, a number of Holiday Inns.

They ended up doing a test for us, in their Sheridan property, which was very successful, and they have since presented their orders.

We presented our data to the Campbell County Economic Development Corporation board of directors at one of their regular meetings, and received a resolution of support.

Upon our request, they also agreed to provide a 1-year rent subsidy to help our fledgling company to obtain a larger manufacturing facility in Gillette.

The resolution was presented to the Campbell County Board of County Commissioners, and after a public hearing, we received a resolution of support from them also.

Working closely with our own legal counsel and the Campbell County Economic Development Corporation, we completed the

lengthy amendment four loan application. On May 22, we hand-delivered the loan application to the EDS Board Staff in Cheyenne.

Meanwhile, we had also applied and received a total of $152,000 in grants from the Wyoming Private Industry Council as training grants for training our new employees.

This would be over approximately a year. Some of it is 40 percent, some of it is 50, depending on whether you're talking youth or adult.

On approximately May 26, after hearing nothing from the EDS staff in Cheyenne, we called them and asked, you know, if there was anything they needed.

They said they required additional information and proof of equity position by E–Z Make's principals. This information was forwarded immediately.

For the next month, we heard no word on our application—not even a written acknowledgment that it had been received or was going to be considered.

We called Cheyenne. Our local Economic Development Corporation called Cheyenne. There appeared to be no answers available, and we received no response in any way.

On July 22, after many fruitless telephone calls, our local EDS board called and talked to our mayor, who in turn called Bill Budd, who is the director of the EDS staff.

Bill Budd agreed to meet with the E–Z Make principals on July 23, as he was scheduled to meet with the Economic Development Workshop in Gillette on that day. He took what seemed to be a personal interest, and spent quite some time with us.

During this meeting, however, Mr. Budd gave the company another lengthy list of further information now required–and it had not been required in the original application, that was before—before the application could be considered by the loan committee.

This data is now being compiled but by this time 63 days have elapsed, and now an additional 2 weeks has elapsed.

In the meantime, with orders for sheets coming in, 10 new employees and 18 commercial sewing machines were purchased with a now almost-expended line of credit from our local bank.

E–Z Make found themselves in a cash-flow bind. We began to seek funding and capitalization elsewhere, including other private investors.

At this point, a large out-of-State investor–who I might add, we met with yesterday—has now made an offer to purchase 50 percent of E–Z Make, in return for a large infusion of capital and all financing.

This capital would keep the company afloat, but the effect would remove direct control from the current principals and ultimately—and quickly—move the manufacturing facility from Campbell County and the State of Wyoming to other areas, possibly out of the Country where labor and materials are far less expensive.

Instead of creating 50 jobs that we had anticipated in addition to the present work-force of 10, this move on our part would put the 10 current employees out of jobs.

The time involved in dealing with the State, and sometimes the extreme demands and frustrations of dealing with the bureaucracy, have made the putting together of this company very difficult.

We have a product with a market ready and waiting. We have the ability and knowledge to put it together and, with some financial backing, E–Z Make could prove to be a major Wyoming industry, diversifying the State's energy-related economy with an industry that is not so cyclical in nature.

But, in my opinion, it appears that Wyoming may be looking for a company that has a perfect track record, no real need for funds, and 100-percent assurance of being successful. [General applause.]

Thank you.

Life just isn't like that and it seems that money is not loaned on "gut feelings", any more, or on hard work. An entrepreneur with a sound, creative idea, I feel should be taken more seriously.

The EDS board seems to be struggling with the "mechanics" of this process, including the amendment four project. Perhaps we could take a lesson from other States and their successful economic development programs. I'm going to give you an example.

Pennsylvania, for instance, passed legislation to allow 1 percent of the State's pension funds, which is approximately $138 million, to be invested in venture capital. In addition, the State provides $4.5 million in strictly venture capital that is used as seed money to leverage private investment in Pennsylvania start-ups.

Wyoming is light years behind. Let's learn how other States handle it. I must repeat something that has already been said, "I don't see why we need to reinvent the wheel."

I believe we need to send people to a State that already has a successful EDS, or economic development project, and learn how their mechanics of these things are handled.

It would help if the EDS board in the State of Wyoming would take personal interest in the beginnings of companies, to visit their location, get to know their principals, understand their product, its markets, and manufacturing process itself.

Assistance in cutting through the "red tape" and dealing with the mountains of paperwork, the extreme informational requirements and the bureaucracy in general, would be a big plus.

If the State obtained a thorough understanding of the E–Z Make process, and what it is about, even considering the loan as purely "venture capital" would still be attractive.

As I said earlier, without the support that my husband Orville and I gave each other, and the support system that we have developed through our other investors, we would have given up long before coming this far. It's an incredibly difficult road.

I thank you for your interest and time.

Senator WALLOP. All right. Thank you, for a very interesting testimony.

[The prepared statement of Mr. and Ms. Seger follows:]

STATEMENT OF MR. AND MS. SEGER

E-Z MAKE, INC., GILLETTE, WYOMING
TESTIMONY FOR THE
COMMITTEE OF SMALL BUSINESS HEARING

From our experience, if you're going to start a business these days, you need plenty of guts, nerves of steel, and a large support system to help. But I don't think you can do anything any more with just hard work. Starting a business has turned out to be a highly political proposition.

After other business experience and owning a motel in Gillette for a year-and-a -half, my husband Orville and I were looking for a way to cut operating expenses. I designed the double-bedsheet system (that has grown into the company known as E-Z Make, Inc.) in response to that need. In short, cutting bed-making time from 3.5 minutes to 1 minute per bed skims costs right off the top.

Orville and I talked to Campbell County Economic Development Corporation informally about the first of this year, exploring the possibilities of a manufacturing facility for these sheets in Gillette. By April, we began serious discussions about state funding: Community Development Block Grant funds, Amendment 4 funds, etc. We decided to apply for an Amendment 4 loan to help our company get off the ground.

By this time, we had conducted our own marketing survey and discovered a ready and enthusiastic market for the sheets. Wherever we presented the product, we were met with eager "yes" answers. We bought a small building and began production on a small scale. We began our own marketing efforts.

We presented our data to the Campbell County Economic Development Corporation Board of Directors at one of their regular meetings, and received a resolution of support. Upon our request, the CCEDC Board also agreed to provide a one-year rent subsidy to help our fledgling company obtain a larger manufacturing facility in Gillette. The resolution was presented to the Campbell County Board of County Commissioners, and after a public hearing we received a formal Resolution of Support from the County Commissioners.

Working closely with our own legal counsel and the Campbell County Economic Development Corporation, we completed the lengthy Amendment 4 loan application. On May 22, we hand-delivered the loan application to EDSB staff in Cheyenne.

The company received a total of $152,000 from the Wyoming Private Industry Council as a training grant for training our newly-hired employees.

On approximately May 26, after hearing nothing from EDSB staff, we called Cheyenne. EDSB now requested some additional information and proof of equity position by E-Z Make principals. This information was forwarded immediately.

For the next month, we had no word on our application, not even a written acknowledgement that it had been received and was being considered. We called Cheyenne. Our local Economic Development Corporation called Cheyenne. There appeared to be no answers available, and we received no response from EDSB staff in any way.

On July 22, after many fruitless telephone calls, the Campbell County Economic Development Corporation talked with the Mayor of Gillette, who in turn telephoned Bill Budd, director of EDSB, directly. Bill Budd agreed to meet with E-Z Make principals on July 23, as he was scheduled to speak at an economic development workshop in Gillette on that day. He took what seemed to be a personal interest and spent quite some time with us. During this meeting, Mr. Budd gave the company a lengthy list of further information not required in the original application before the application could be considered by the Loan Committee. This data is being compiled. By this time, 63 days had elapsed.

In the meantime, with orders for sheets coming in, 10 new employees and 18 commercial sewing machines purchased with a now almost-expended line of credit from a local bank, E-Z Make found themselves in a cash flow bind. We began to seek funding and capitalization elsewhere, including other private investors.

A large out-of-state investor has now made an offer to purchase 50% of E-Z Make, Inc. in return for a large infusion of capital. This capital would keep the company afloat, but the effect would remove direct control from the current principals and ultimately -- and quickly -- move the manufacturing facility from Campbell County and the state of Wyoming to other areas, possibly out of the country where labor and materials are far less expensive. Instead of creating 50 jobs in addition to the present work force of 10, this move on our part would put the 10 current employees out of work.

The time involved in dealing with the state, the sometimes extreme demands, the frustration of dealing with bureaucracy, has made putting together this company difficult. We have a product with a market ready and waiting; we have the ability and knowledge to put it

together; with some financial backing E-Z Make, Inc. could prove to be a major Wyoming industry, diversifying the state's energy-related economy with an industry not so cyclical in nature.

But it appears that Wyoming may be looking for a company that has a perfect track record, no real need for funds, with 100% assurance of being successful. Life just isn't like that. It seems that money isn't loaned on "gut feelings" any more ... or on hard work. An entrepreneur with a sound, creative idea should be taken more seriously.

EDSB seems to be struggling with the "mechanics" of this process. Perhaps we could take a lesson from other states and their successful economic development programs. Pennsylvania, for instance, passed legislation to allow 1% of the state's pension funds (approximately $138 million) to be invested in venture capital. In addition, this state provided $4.5 million in venture capital that was used as seed money to leverage private investment in Pennsylvania start-ups. Wyoming is light years behind. Let's learn how other states handle it -- why reinvent the wheel?

It would help if EDSB and the state of Wyoming would take a personal enough interest in beginning companies to visit their locations, get to know their principals, understand the product, its markets and the manufacturing process itself. Assistance in cutting through "red tape" and dealing with the mountains of paperwork, the extreme informational requirements and the bureaucracy in general would be a big plus. If the the state obtained a thorough understanding of what E-Z Make is about, even considering a loan as purely "venture capital" would still be attractive.

As I said earlier, without the support that Orville and I gave each other and the support system we developed through our other investors, we would have given up long before coming this far. It's an incredibly difficult road.

Senator WALLOP. Mr. Lane.

STATEMENT OF OMAR J. LANE, PRIME INDUSTRIES INTERNATIONAL, LANDER, WY

Mr. LANE. I'd like to thank you very much for creating this forum and inviting our Company to come and present testimony.

Prime Industries is located in Lander, WY, and we're currently manufacturing high volume steel parts for a Sears treadmill, a Fortune 500 company. First a little background on our company:

For the last 3 or 4 years, we have been consulting companies in the Far East. We've been doing tooling and manufacturing design in Taiwan, China, and Hong Kong.

In the process of doing this, we became associated with a company called Westlow Corp., Westlow's annual sales to Sears are in excess of $70 million, just in the exercise field.

Toward the end of the year, when the dollar began to shift, there was an opportunity: Westlow made a corporate decision to bring approximately $30 million in manufacturing back into the United States.

We were in a position, at that time, having done design work on the products and on factories over there, to obtain some of these contracts.

So through a mutual acquaintance, I met the economic development director of Wyoming, Bob Goodman, at the time, who represented that Wyoming was anxious to bring this kind of business—the manufacturing, which would bring a lot of jobs—into the State, and that there was money available, and cooperation for what he called real deals.

We obtained purchase orders from Westlow/Sears in excess of $1½ million, even before we had a facility to manufacture. So we came with those PO's to Wyoming and contacted what I thought were all the bases: The WCDA, the EDS board, and most every other State agency.

We quite frankly were turned down flat on this, with those PO's in hand, because of, and I think I can quote verbatum, "You can't manufacture in competition with off-shore companies here in Wyoming. It just won't work."

So, at that point, we went back to Utah and began to look for a facility, arrange some financing—and I received a phone call from one of the city managers in Lander, Mr. Alan Ohashi.

He suggested that no more money than we need, that he thought the local community—a combination of economic development council and city—could provide this funding; and they would like to have a presentation, and review our business plan.

So we went to Lander, and within 48 hours, they had a delegation down to Westlow to verify that we had pre-sales in excess of $1½ million, and the next day made the commitment to us to provide that funding. This was approximately 90 days ago.

We now have 50 employees. We're working two shifts, two 10-hour shifts, 4 days a week, down there. We have obtained an additional $3.5 million in sales that we need to tool up for, and there is another $9 million, right now, in contracts that could be won if we

could obtain funding for the tooling. I have a feeling we're going to be going either to Utah or California for that.

We've also, as of yesterday morning, been offered the opportunity to set up a national service center for the entire Sears network of stores exercise equipment—which means that all their warrantee work would be done in Lander, WY. They would ship it in, and we would provide the parts, replacement motors, and those kinds of things.

So once again, I don't know if we're going to be able to do it here, because of what we've run into with the banking and the State economic people.

So thank you, very much.

[The prepared statement of Mr. Lane follows:]

Prime Industries International Inc.

July 27, 1987

NEWS RELEASE

TO THE PEOPLE OF LANDER:

As you may know, your community leaders invited us to attempt this project in Lander and with their backing and support the experiment is underway.

THE EXPERIMENT:

Prime Industries International and the city of Lander have gone into competition with off shore manufacturers in high volume production for a "Fortune 500" buyer.

The basic business equation we had to look at was based on balancing the pluses and minuses of setting up a manufacturing operation this far away from steel and materials suppliers and the buyers of our products.

PLUSES	MINUSES
1. Enthusiastic Community support.	1. Shipping burdens (in/out).
2. Low interest start up capital.	2. Communications costs.
3. Idle skilled labor base	3. Air service was cut to Utah.
4. Beneficial tax environment	4. Materials & other resources not locally available.

High production manufacturing is a cost per part game and the economic pluses must balance the shipping burdens, etc.

If the project is successful the economic impact on Fremont, County would be tremendous. Beyond the fifty (50) or so jobs created with an estimated annual payroll of $500,000., an additional twenty (20) plus jobs have been created in local sub-contractor's businesses just from the initial contracts we currently have "in hand". This could triple in a year. Also local vendors would benefit since we

Immediately.

We now have over 3 mil in sales with 11 million in contracts available to us. This would create 200 to 300 jobs, If we can find backing in Wy.

South Lander Industrial Park, P.O. Box 496, Lander, Wyoming 82520 Phone 307-332-7816

purchase as many supplies locally as we can. Most of our expenditures to date, other than salaries, have been with the following local businesses:

A-1 Heating
City Plumbing and Heating
Coast to Coast
Custom Sheet Metal Co., Inc.
Delozier Brothers
Hester Machine
Lander Auto Parts
Lander Lumber
Lander Office Supply
Lander-Riverton Oxygen, Inc.
Lee Welding and Fabrication
Litton Big R
M.J. Metals
Mountain High Trucking
North Park Transportation
Pepsi Corporation
Quality Plating
RIC Electric
Rod's Electric
Star-Tech
U.S. Welding Supply
Valley Lumber Co.
Western Printing
Wil's Window and Floor

OPERATIONS UPDATE

Basic design changes in the Weslo/Sears treadmill frames have slowed our production schedules considerably. All our "hard tooling" and parts for thousands of frames had to be scraped on July 12th, and though Weslo Corporation (our customer) has agreed to buy off the tooling and parts produced so far, these mid-stream design changes have had a negative impact on our production schedules and cash flow strategies. "We anticipated design changes, but not during the first 60 days of start up."

With new tooling in place, production will begin again and graduate up in volume on a weekly basis. It will still be a while until the employees are getting in full 40 hour weeks. We are lucky to have hired so many talented and motivated workers and technicians who have been very understanding during this "stop and go" initial production phase. Local vendors and suppliers are also being very flexible with us.

Prime Industries International
News Release
July 27, 1987

The contracts Prime Industries currently have were taken away from Taiwanese companies. "To keep them we are going to have to **OUT WORK** and **OUT THINK** Korea and Taiwan on an on going basis. Our employees know this and are prepared to give the extra **HUSTLE**, needed to make this a winning team. With STATE AND BANKing Support we can WIN!

We greatly appreciate the cooperation and support of the people of Lander and would like to take this opportunity to thank them. Also a special thanks to the Leader Corporation, Lander Valley Ventures, Job Services of Lander, Lander Economic Development Council, the Bureau of Indian Affairs, and the Veterans Administration.

The experiment continues and we are anxious, as I'm sure you are, to see the results. The next few weeks should be interesting.

Sincerely,

Omar J. Lane, President
Prime Industries International

Prime Industries International has a high level of experience in the aerospace and defense related fields. The Prime shop has implimented quality control, safety, accounting and manufacturing systems that comply with the requirements of department of defense and federal procurment offices. We are ready to enter the spare parts and handling systems markets. Our designers have allready completed major systems designs for handling and manufacturing various vehicle and missile programs directly related to various defense systems.

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VINCENT H. H. JONES V.P.
PRIMEIND.

Senator WALLOP. Thank you, all.

I would have to say, what you have said is both exciting and discouraging: It is exciting that ideas of this dimension exist in our State. It is so discouraging, that right on the threshold of being able to do something really in behalf of the State's economy when everybody is saying that it is the principal thing we want to do, for some reason or another, we cannot get it done.

I don't know what kind of a guarantee people need, besides purchase orders. If there is going to be no risk-taking in Wyoming, there is going to be no success. That is the whole thesis, the whole theory that lies behind the free enterprise thing, that there is risk.

If the State is unwilling to take risk, there is simply not going to be any major progress. Again, it is like waiting for rain, instead of irrigating. [General laughter.]

We will hear later from the financial institutions and from the EDS board, and from others for their side.

Randy, you have said that you have a March 1987 approval of your product from the EDS board—but have you gotten a loan, yet?

Mr. CARTER. We have not gotten the money from the Wyoming EDS Board Staff.

There have been some delays in the engineering side, as far as providing all the outside lender documentation, and there's also been some stumbling blocks within the EDS board.

And a lot of that has been within communications, and the other part has been just the lack of the goals being that they don't want to risk anything.

You know, they want everything collateraled, you know, a 120 percent now, and I can do that at the local bank.

So it's a better project to go through them than the local bank, but there's been problems on both sides, concerning our story.

Senator WALLOP. But March of 1987 is still a long time in the ordinary scheme of things.

Mr. CARTER. Yeah. Well, we told the EDS board, originally, we had the application together in December, and we went to a meeting in January, and due to lack of communication, the city thought this meeting in January was a meeting for us to present our loan—and it was in fact a hearing for funding grants, so that put us back 2 months there.

Then when we got together, and they were excited about our project, and we told them—6 months is a lifetime in the computer business, you know.

We've come and gone past our window of really moving forward on the project we're working on. We're not waiting for the EDS board money to go ahead and do it; but we're not doing it nearly as aggressively as we could have with that funding.

Senator WALLOP. Let me just toss one out, that anybody can respond to. What about Federal impediments? I mean, are there any of those?

Ms. SEGER. One of the things that we have encountered just recently, because we are looking at a raw product, as a big stumbling block for us, the mills are such a tight, closely-guarded industry, that it's hard for us to get our hands on raw product, which is a 180 count percale what we're talking about.

We have located some, that the Republic of China has a new mill on that is going to be producing this. They are not going to be producing for about 18 months. They have some other product that we're looking at, that we're waiting to get samples of.

One of the things that we've just run into recently is quotas, and because of the——

Senator WALLOP. Import quotas?

Ms. SEGER. Import quotas. We are presently looking into a duty-free zone into Washington State, where that fabric would be shipped from China—it's kind of a direct link, there—and from Washington to Denver. It sounds like kind of a round-about way, there, but it is a direct link.

And one of the problems we've had recently is trying to track these quotas down.

Senator WALLOP. But I am a little bit curious, here, as one of the things we always hear about is how the American textile industry cannot compete, but then, you know, they are a closed society and will not let anybody in.

Ms. SEGER. Exactly. It is very true.

Senator WALLOP. That is a strange, extraordinary set of circumstances, when you have the potential, I would assume the very broad potential for expansion.

Ms. SEGER. One of the things that we have found is that this investor who we are talking with, right now, one of the things that makes it attractive for us with him, is that because of his contacts with the mills, he already has established everything that you need to deal with the mills.

Us, you know, we're just a small little operation—they don't want to talk to us, unless we're talking about $100,000.

He can get quantities of 10,000 yards for us, which makes financing and all that look a whole lot simpler than looking at the 100,000 yards.

And he tells us the mills will deal with him. They will not deal with us. We have to deal with a broker, and still have to put the deal in 50–60,000 yards in quantities.

So that's why we started looking overseas; and we are awaiting some samples, and that all takes time when we're talking about the distance.

Senator WALLOP. Now, tell me about the potential of being moved either out of State, or overseas.

Ms. SEGER. Oh, well, just to get an idea of the potential: the linen industry is a $400 to $500 million industry annually. You know, we're looking at, if we could get 1 percent of the market, it's just incredible, the numbers are just so incredible.

You look at, if you just—you know, we've been talking with Super 8, and going through their supply house. And the sales are just phenomenal. You know, they do something like $30 million a year, in just bedsheets. It's just incredible.

And right now, it's feasible for us laborwise, in Gillette, because in working through Job Service, we have found that one of the—which I might add, that Job Service has just been super for us. They have been just ecstatic, anything they can do for us. They have been a real plus.

The pool of people we have to hire is one of the highest unemployment, in Gillette, is a—is, sad but true, it's a high school female dropout that has a child; and so this is a pool that we can tap, and very successfully—and the ones that we have put to work, have worked out very successfully.

And we're real, real pleased with that. That has worked with this job, this 50-percent support thing. And so that's real feasible for us to stay in Gillette, because of those reasons.

Now, shipping, and that, is a big problem for us. We're just in the process of looking at, as having this fabric come in on rail—and that's just something that we've started looking at; and we don't know if that will turn out yet.

But that's the advantage of staying in Gillette, right now, is that there is such a high unemployment of the people we can put to work.

Senator WALLOP. And a fairly competent class of work laborer, as well.

Ms. SEGER. Yes.

Senator WALLOP. Lander, I know, at least has had high unemployment with the closing of the mines.

Mr. LANE. A tremendous skilled labor base there. Our first advertisement in the newspaper, I think we had 280 applications, most of whom were certified welders. We have several American veterans that are working there, that have every Military Certification available. Then we have the Indian reservation, right there. One-quarter of our labor force is American Indians, at this point.

Senator WALLOP. What does it take, to keep you in Lander?

Ms. SEGER. Money.

Mr. LANE. Well, you asked about the Federal Government's roll in all of this—— [General laughter.]

You asked what the experience had been with the Federal Government, and as part of our funding package, just as kind of a follow-up, I put an application together for a grant—it was a 3-to-1 matching for the Bureau of Indian Affairs.

I'm an American Indian from Oklahoma, and it was really amazing, because I didn't expect to get it. I thought, well, they'll look at it for 1 year, or 1 year and 6 months, and then maybe we'll hear back.

It was in 5 weeks, or less than 5 weeks, that it was all taken care of and granted. It was the largest BIA grant, I believe, ever given there in that area, in that district of the BIA. It's only the second one ever given, and took 1 year and 3 months just to consider it.

So the BIA liked our business plan, liked the purchase orders, and thought enough to go ahead with it, to make it a non-reimbursable grant for $25,000.

I don't know what we did wrong with the State. That's what I'm trying to figure out.

Senator WALLOP. But the hope for the consequences of this hearing is for every entity involved in small business to be able to learn from one another.

Mr. LANE. Yes, sir.

Senator WALLOP. It might be that some of those entities have heard what has been said.

Ken, let me just make an observation. I do just exactly what you suggested that we ought to be doing.

Mr. BROWN. I appreciate that.

Senator WALLOP. I have been to the Far East, on behalf of jobs in Sweetwater County, on behalf of the ability of this region of the State to try to enter the Far East market of countries for whom forage growing is expensive because land is so short and population so high.

One of the things that I have done on the Finance Committee, that I have worked so hard to do, is to get this 861 R&D money, 861 R&D tax treatment, reinstated so that Americans who do the kinds of things we have just heard about today have some means of writing off their research and development money.

The principal beneficiary is the American Chemical and Drug Industry. We are encouraging some in that industry to set up laboratory ventures in Wyoming.

It is too early to say whether that might take place, or not, but one of the things that was necessary for it to take place is an awareness of some entity in Wyoming, where it could.

I mean, they, when they say, "That's great," well, where will you go?

And you are trying to find some sort of documentation. You can suggest Laramie, a university town; you can suggest Casper, with its big hospital facilities; you can suggest Cheyenne; but there's really nothing that we have here available to present to them to say, "this would be a good place for you to come."

So in essence, what we are asking them is, "do us the favor of researching it."

Somehow or another, we have to find this ability to pass information about the State, out, and where things come together.

Where roads come together, where roads and airports come together, where railroads and airports come together; where certain types of population are, and, where certain other support elements may exist.

I mean, the State's data base, I think is weak, in that we do not know enough about ourselves, in some instances.

I want to thank the panel a lot. It has been very interesting testimony. It is my passionate hope that all of you find yourselves still Wyoming's businessmen in the future, and not California's, or Hong Kong's,——

Mr. LANE. Virginia.

Senator WALLOP [continuing]. Or some other place. I hope we can find the means in this State to generate the kind of support it is going to take for your efforts and your ingenuity to grow.

But what you have done has been very stimulating and interesting. Thank you.

The second business panel is Dr. Ted Pepin of Laramie, whose company is Compu Systems, a computer software company which has recently obtained a U.S. Navy contract as a result of the Federal Procurement Conference that was sponsored by the delegation in Casper, last fall;

Mr. Clay Arbogast, of Buffalo. NRP manufactures and markets a solar tracking panel;

Clarence Zeller, Big Horn Basin, Lovell, Queen Bee Gardens, a bee grower and developer of honey bee candy;

Cliff Root, of Riverton, BTI Transloaders, one of the means by which the railroads have discovered competition for the privilege of hauling trona.

Nice to have you all here. Again, my thanks to you, for taking time out of your lives to come and contribute to this effort.

Good morning, and welcome to you all.

Senator WALLOP. Dr. Pepin.

STATEMENT OF DR. THEODORE J. PEPIN, PH.D., COMPU SYSTEMS, LARAMIE, WY

Dr. PEPIN. Thank you, Senator Wallop, for inviting me to participate in this hearing.

Compu Systems Corp., which was founded in 1978, is located in Laramie, and it is a corporation that deals in several different product areas.

Our older product, and a product that we sell across the Country at the present time, is a product that helps corporations schedule deliveries. It's a product that deals with primarily corporations that have thousands of customers, and fleets of trucks, and a very complicated scheduling; and we help them solve that problem.

We're also involved in the area of microprocessors, microcomputers, that we have used to manufacture controllers, and our controllers have been primarily things that we've developed for other corporations.

Recently, we've entered into the area of programming these controllers in a fairly new and innovative way—and I'll say some more about that, a little later.

The market for our Wizard Service System, the scheduling software, is almost exclusively outside of the State of Wyoming.

And one might ask the question, "why Wyoming? Why should a corporation like yours be located in Wyoming?"

Well, I answer this with several thoughts. One thought is that our marketplace would not be in any city, but it would be in many cities across this Country and if we were located in any large city, we would only have a limited number of customers.

Our customer data, or customers' locations, are truly across the Country and therefore, operating from Wyoming has essentially about the same advantages or disadvantages that any other city would have in our Country.

The quality of life in Wyoming has made it a very attractive place to have a home, and to develop and maintain these products in the high technology areas. Personnel resources are abundant in Laramie.

In fact, one of the things that I've noticed in the years that I've taught at the University of Wyoming, is that one of our State's largest exports is the export of talent.

We train our young people, very often some of the finest young minds that come to the university, in the areas of high technology, and by so doing, we almost certainly will sentence them to an exile away from our State.

And one of the things that I hope that we will be able to do in the years ahead is to develop the capability so that these folks will have employment within the State. I see that to be one of the main agendas that we have ahead of us at the present time.

Approximately 80 percent of the scientific and technical graduates from the University of Wyoming leave the State, and most of these people would in fact like to return to the State of Wyoming, if the employment opportunities were present.

Businesses based on high technology can either be attracted to the State, or they can be grown from within. Compu Systems is an example of the latter.

In order to develop companies that have expertise in the scientific and technical areas, it is important to have a well-developed infrastructure that supports the developments.

A number of prerequisites must be in place, before the birthing process of high technology-type corporations take place:

The university's development of Engineering and scientific programs is an important predecessor to this process.

In looking at the areas of the United States where the process has been successful in the past, where we see high-technology companies that are abundant today, we discover very quickly that it's always a university that's been the key to that development effort.

If you look at the area where Silicon Valley is today, and you look back to what took place to cause that development in the late 1940s, you'll find that the Dean of the College of Engineering at Stanford was very concerned about what was happening in that area.

He called two of his students—one of them was named Hewlett, and the other was named Packard—into his office, and he said, "I'm sick and tired of the fact that all of our brightest young minds have to go East to find employment."

What happened there, of course, is legendary and very important.

In the area of work that our corporation is doing in the high technology area, in the programming of microcontrollers, I would like to personally thank you for the work that you did in providing the conference, the Federal Procurement Conference in Casper, last fall. As a result of that conference, we saw how the process worked, and how we could essentially propose.

And, in fact, we received one of the, I believe it is the first, innovative research program that's come to the State of Wyoming, to a corporation in Wyoming.

We'll be working in the application of computer—aided software engineering to the programming of controllers—controllers that are used in many military weapons systems, and also in robotic systems.

Turning to a slightly different point, as I close, here, I'd like to mention something that I think is something that business leaders in our State and the congressional delegation could jointly work together on, that would be of help to Corporations such as ours.

The major prime contracts that are awarded by Government agencies, today require that a certain percentage of those contracts be spent with small businesses.

In our State, we do not have large corporations that receive those prime contracts; and because of that, the small businesses in our State have not been receiving their fair share of those subcontracts.

And I would suggest that a network should be established whereby the pipelines are developed so that larger corporations are aware of the capabilities that exist within the State of Wyoming; and I think that that's something that we could all work together on, that would be helpful to our corporations that are forming within our State at the present time.

The State of Wyoming is a very wealthy State. As you mentioned in your opening remarks, the majority of the State's holdings of this wealthy State are not invested within the State of Wyoming. They're invested outside of the State of Wyoming—and I think that that's something that we ought to take a very careful look at.

Perhaps those are very secure investments where they're made. Perhaps they might be more secure than they would be if they were made in the State of Wyoming.

Those investments are doing more for the east coast of The United States and for California than they are for Wyoming, in terms of developing it; and I would suggest that it would be good if we could have Wyoming working for Wyoming.

[Applause.]

Senator WALLOP. Thank you, Dr. Pepin.

[The prepared statement of Dr. Pepin follows:]

TESTIMONY PREPARED BY

THEODORE J. PEPIN,
President of Compu Systems Corporation

for Presentation to the Senate Small Business Committee
on August 14, 1987 in Worland, Wyoming

Compu Systems Corporation, which is located in Laramie, Wyoming, was founded in 1978. Its products include the Wizard Service System, which is a route scheduling system used by corporations to schedule repetitive deliveries; microprocessor-based controllers; and customized software for controllers.

The market for our products is almost exclusively outside of the State of Wyoming. One might ask the question, "Why Wyoming if your market is almost exclusively outside of the State of Wyoming?" In the case of the Wizard Service System, if we were located in a large city, we would only have a limited number of local customers. Our marketplace of necessity is a national market. The quality of life in Wyoming makes it an attractive home base for our development and maintenance of high tech products. Personnel resources are abundant in Laramie. In fact, I have discovered during my tenure as a professor at the University of Wyoming that these resources are one of Wyoming's largest exports. We train many of our best young minds in the area of high technology and by so doing, sentence them to exile from our state, for it is essentially impossible to find employment opportunities in these areas in Wyoming. The University of Wyoming estimates that 80 percent of the scientific and technical graduates leave the state to find technical employment. Many of those who leave express the desire to return as soon as employment becomes available.

Businesses based on high technology can either be attracted to the state or developed from within. Compu Systems is an example of the latter. In order to develop companies with expertise in the scientific and technical areas, it is important to have ideas as well as an infrastructure that supports the developments. A number of prerequisites must be in place before the birthing process takes place. The University's development of engineering and scientific programs is an important predecessor to the process. In looking at areas in the United States where high technology companies are abundant, one quickly discovers that in every case the presence of a quality engineering and scientific program within the local University assisted the development. For example, in the late 40's, the Dean of Engineering at Stanford University called on two former students, Hewlett and Packard, and said that he would like to get some local industry going, for he was

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sick and tired of seeing their best students go east because there were no local employment opportunities. The development of Silicon Valley is a legendary example of how high technology corporations grow and develop and serve their community.

In Wyoming, our University in the last decade or two has made giant strides toward the development of the technical areas. This can be measured in a number of ways: the quality of our graduates, the tenfold expansion of federal research, and the international reputations of many departments. The University and its faculty are ready to assist the state in the growth of high technology-related corporations. This process has the potential to provide diversification to our economy. In order for it to take place, it will be important for business and political leaders to provide a conducive environment. An example of such an environment was last fall's Federal Procurement Conference sponsored by the state's congressional delegation. In the case of our company, insight into the Small Business Innovation Research Program was gained which allowed us to successfully propose a project to the United States Navy.

Major prime contracts awarded by government agencies now carry the requirement that a certain percentage (10 percent) of the contract should be subcontracted with small businesses. Since prime contracts are not awarded to Wyoming corporations, it is not convenient to provide subcontracts to Wyoming small businesses. It would be helpful if political and business leaders would join forces to see to it that Wyoming gets its fair share.

The State of Wyoming is a wealthy state. The majority of the state's holdings are invested out of state. While these investments have been made to protect and increase the holdings of the state, they do more for the development of the eastern portion of the United States and California than they do for Wyoming. It would be good to have Wyoming working for Wyoming.

Senator WALLOP. Clay Arbogast.

STATEMENT OF CLAY ARBOGAST, PRESIDENT, NRP INTERNATIONAL CORPS., BUFFALO, WY

Mr. ARBOGAST. Thank you, Senator Wallop, for offering this opportunity for us to be here.

In 1982, Bioenergy Corp. the mother company of NRP International, developed and patented the Sunscan Solar Tracking Systems.

We tested these units extensively for several years in our Wyoming climate, and then applied for an application to the Economic and Stabilization Board for a national and international feasibility study on the Sunscan units.

We were supported by the Big Horn Economic Development Council of Johnson County and the city of Buffalo, and received exceptionally good help and assistance from both of these groups, and also from the Wyoming Small Business Development Centers, who were very helpful to us.

Bioenergy did receive a $25,000 economic development grant from the State, and did include and do the feasibility marketing study on the Sunscan System, which proved very favorable to marketing.

The manufacturing company NRP International began operations on April 10, 1987, in Buffalo.

At this time, we are currently involved in applying for a community development block grant loan and a loan from the economic development and stabilization Board through amendment four. These applications are ready—some are sent in, and some are ready to be sent in.

Other things that NRP is doing is we have been contacted by the U.S. Army at Dugway Proving Grounds, Dugway, UT, and they are supposedly sending us some information, or getting us some more information to us, on some telemetering and information systems for the military.

We are involved with the Forest Service in the State of Idaho in producing water from trout streams over there, that are being water-gapped by ranchers, and tearing up the trout streams for watering livestock.

We've been contacted by a company in Florida for lighting a marina.

We have a unit set, a large unit, setting at the University of Nebraska, pumping 1,800 gallons of water a day on a very extensive grazing program that they're doing down there.

We have a unit 70 miles south of Rock Springs that is electrifying a rural ranch home that's miles from the gridline.

We have a couple of units in the Gillette area, some in the Sheridan area. This gives you a little involvement, or a little idea of what NRP is doing.

We are involved right now in the project of developing a stock water heater from our solar units that will cut this nonsense of cutting ice out of the stock tanks, and all of this is very costly and time-consuming to the rancher people.

NRP is also developing a 12-volt pump—submersible water pump. Right now, there are two on the market. There used to be Jacuzzi, which made a 12-volt DC submersible pumps. This pump cost a lot of money, and they quit making it because they had too many failures. A.Y. MacDonald was another. We can manufacture this pump and sell our pump for about $350.

These are the kinds of things that we're looking at, and we need help in funding to get these things done. We hope that we get this from the economic development and stabilization board and through the community development block grant loans.

We're not sure—and listening to the other witnesses up here today kind of terrifies me. We've run into some stumbling blocks with the banking community to a new start-up company.

In a way, I can kind of see their point, and their viewpoint, up to a point. But if we're going to have new companies, new start-up companies in Wyoming, we have to gamble a little bit.

I, personally, and the other people from my company, have gambled about everything they have, to make this thing go. And the bankers look at me, and say, "well, Clay, what we really want is a risk-free situation here." They don't seem to appreciate the participation of the State in these projects, and they really don't seem to know what these projects are.

When you walk up to them and start talking to them about it, they really don't know what the project is—what the community development block grant loan is, or the amendment four.

"Well, we'll take it and look at it." One banker I spoke to has been very favorable, or at least to this point, "Might fly"—and seemed to know something about it.

But that's just one of the real stumbling blocks we've run into is banking participation. You can't guarantee these bankers, if you're going to guarantee everything to them, I don't know how you can do that. I just, you gamble everything you've got, and put it in the company, and then they want a risk-free situation.

I feel that the State, in general, and the Federal Government, also need to look more at small businesses to supply their needs.

As Mr. Pepin was saying, here, we need the Senators, the Congressmen, the State agencies, need to know what's available in the State of Wyoming, so that you can take these products and services that are here, and make sure that you use them.

If something comes up in Washington or in Cheyenne, that there is a service or a product that is needed, check your list and see who makes it in Wyoming, and see if you can use them.

Free enterprise is a wonderful thing, and I feel that all small businesses are willing to compete. Our State is not so densely populated that we can't talk one-on-one with the people that we choose to represent us.

And I really appreciate the fact of being here today, to talk to you like this. Again, I feel that the agencies that I've spoken with, the State of Wyoming, the Wyoming Small Business Development Center, so far the EDS board, the economic development groups, the cities, are all doing a great job.

And I thank you for being here.

Senator WALLOP. I thank you.

[The prepared statement of Mr. Arbogast follows:]

NRP INTERNATIONAL CORPORATION
830 W. Fetterman ○ P.O. Box 218 ○ Buffalo, WY 82834
307-684-2254

August 10, 1987

Malcolm Wallop
UNITED STATES SENATOR
40 South Main
Sheridan, WY 82801

Dear Senator Wallop,

In response to the invitation to testify at the Small Business Committee Hearing on August 14th at Worland, Wyoming, I would like to thank you very much for this opportunity and to assure you that I intend to appear at the hearing.

NRP international Corporation was incorporated on October 16, 1986. Prior to establishing NRP, our mother company, Bioenergy Corporation applied to the EDSB for a Community Development Block Grant. This application was sponsored by the Big Horn Economic Development Council of Johnson County and the City of Buffalo. We received exceptional support and assistance from both of these groups. Bioenergy was awarded a $25,000 Grant to do a national and international market research and feasability study on our project,the SunScan Solar Systems. This study was started in November of 1986 and completed early February, 1987.

We received assistance in making this application from the Wyoming Small Business Development Center and the City of Buffalo. The conclusion of this study was favorable toward the manufacturing and marketing of our product both national and international.

The manufacturing Company, NRP International began operation on April 10, 1987 in Buffalo. At this time, we are currently involved in applying for a Community Development Block Grant Loan and a loan from the EDSB through Amendment Four.

NRP has run up against some stumbling blocks with bank participation pertaining to the Community Development Block Grant Loan and the Amendment Four moneys. As I understand it, the banking participation is for the banks to make loans they would normally not make, however, the banks I have spoken with do not seem to appreciate the association of the state in these projects. They do not appreciate the fact that the founders of a small start-up business have,at least in most cases, sacrificed everything they have toward the start-up of their business. The banks want to go into the association riskfree, requiring only personal guarantees and ignoring the potential of the business. From the banks point of view, a person wanting assistance must be able to show that they do not need the help of the bank, at which time they are more than willing to come aboard. Now, I must admit that I do understand the bankers viewpoint up to a point, however, I feel it is imperative that something be done to help a new business to be accepted by the banking community.

I feel that the states in general and the Federal government also, need to look more at the small businesses to supply their needs. Through efforts like this, our Senators and State Agencies are making themselves aware of what our state has to offer in the way of services and products and these same Senators and State Agencies need to see that the small businesses in their respective states are given a chance to provide these services.

Free enterprise is a wonderful thing and the small businesses are willing to compete, however, we cannot compete against major corporations.

Our state is not so densely populated that we cannot talk one on one with the people we choose to represent us. Again, I feel that through efforts such as this, the people on the EDSB, our Wyoming Small Business Developemnt Centers and other agencies in our state are doing a good job, however, we all need to get involved, and not just depend on others to get things done.

In general, the agencies I have used have all been very helpful and dedicated to furthering the growth of small businesses existing and starting-up in Wyoming.

Sincerely,

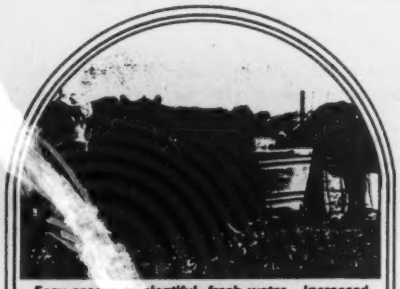
Clay Arbogast

Clay Arbogast
President

CA:ka

SUNSCAN SOLAR GENERATOR

YOUR OWN UTILITY SERVICE WHERE YOU WANT IT!



Easy access to plentiful, fresh water. Increased water consumption, more weight gain, healthier calves.

SUNSCAN supplies electrical power to pump water from reservoirs or wells to stock tanks, allowing the farmer or rancher better land management:

1) utilizing pastures that couldn't be previously used;
2) decreasing the distance the livestock must travel to reach fresh water; and,
3) increasing the livestock's weight gain by increased water consumption. (Just 2oz. of weight gain per day on 100 head of calves for 150 days is 1,875 additional market pounds.)

Poor accessibility and contaminated water. Less water consumption, less weight gain.

Water Supply

In many parts of the world, surface water is available, but this water is very often contaminated and directly responsible for a number of infectious diseases.

A SUNSCAN SOLAR PUMPING SYSTEM would make it possible to tap underground water which is generally clean.

Livestock Watering

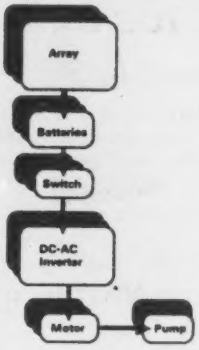
The availability of water permits an increase in the productivity of cattle grazing operations. An increased water supply per head will most certainly result in a higher forage intake. An adequate supply of water for the cattle, sheep, etc. in remote areas can be ensured by installing a SUNSCAN SOLAR-POWERED LIVESTOCK WATERING SYSTEM, and new areas can be utilized. You do not have to think about fuel costs, fuel transport, and costly maintenance.

The SUNSCAN SOLAR SYSTEM is reliable and will pump water from sunrise to sunset year in and year out.

Drip Irrigation

The SUNSCAN SOLAR GENERATOR is a competitive alternative to the irrigation systems known today and can be installed without expanding the utility power grid or developing new power plants. The free-standing or portable solar pumping system can be installed anywhere near your water source.

SUNSCAN
Pat.



DESCRIPTON OF THE SYSTEM

The system consists of a few main components:

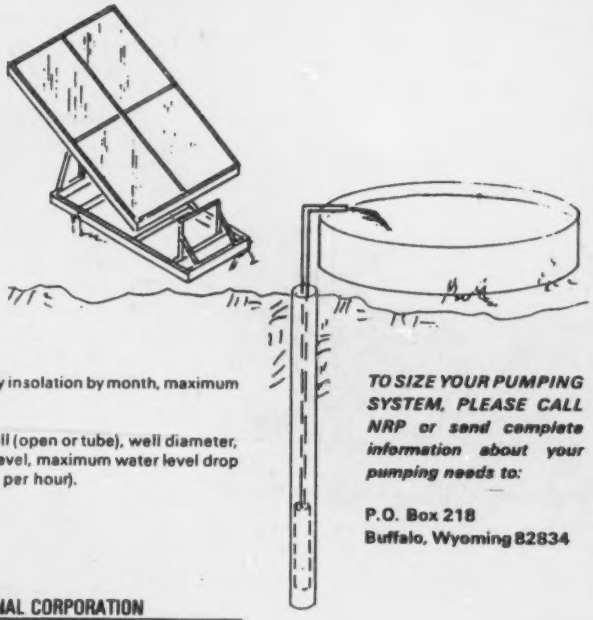
- *the solar array*
- *the battery*
- *the DC/AC inverter*
- *the motor-pump*

A system contains the number of solar modules which meets the power requirements of the individual need mounted on a solid steel base with all assembly parts enclosed in a waterproof, insulated housing and a unique tracking system controlled by an infrared sensor, which orients the tracking platform to the sun's position from sunrise to sunset. At the end of the day the tracking system automatically returns the panels to sunrise position. If the sun becomes hidden by cloud cover during the day, an obscured sun locating system simulates the sun's travel until the end of the day or re-emergence of the sun.

SIZING THE PUMPING SYSTEM

Several site considerations determine the best SUNSCAN pumping system to use with each installation.

To determine the pumping system that will best satisfy the needs of the customer, NRP performs a computer-assisted design analysis. The analysis assures the customer of a highly reliable photovoltaic pumping system at the lowest cost.



SITE CONSIDERATIONS

Data needed to size a unit:

- Site location: Latitude, average daily insolation by month, maximum outdoor temperature
- Water demand: Gallons per day
- Source of water supply: Type of well (open or tube), well diameter, total depth of well, depth of water level, maximum water level drop while pumping, safe yield (gallons per hour).

TO SIZE YOUR PUMPING SYSTEM, PLEASE CALL NRP or send complete information about your pumping needs to:

P.O. Box 218
Buffalo, Wyoming 82834

NRP INTERNATIONAL CORPORATION

830 W. Fetterman ○ P.O. Box 218 ○ Buffalo, WY 82834

307-684-2254

Senator WALLOP. Mr. Zeller.

STATEMENT OF CLARENCE ZELLER, QUEEN BEE GARDENS, LOVELL, WY

Mr. ZELLER. Thank you, Senator, for inviting our company to be here today.

Queen Bee Gardens was started in 1975 by myself and my wife Bessie, and our sons Mitchel, Von, and Gene in an effort to make a market for the honey that we produced from our 3,000 colonies of bees.

We have been in the bee business since our marriage in 1943. We also needed employment for our sons, as there was no work available around Lovell—and they didn't want to leave. Since that time, Mitchel has left the business and moved to Oregon.

We started with honey taffy like Bessie had made in the kitchen for many years from a recipe her grandparents brought from Scotland. They made a couple of pounds at a time, and the children loved to stretch it, and it made fun family entertainment and an inexpensive treat.

There were many things to learn. Candy that is eaten that day or the day after it is made, is easy—it keeps, until you have used it up, so that you don't have any problems with it; but when you attempt to make a candy that has to have a 4- to 6-month shelf life, that is wrapped and doesn't stick to the wrapper, and that is packaged in a suitable package for retail sales, it is a completely different ballgame.

We went to other candy manufacturers for help, and we were told it couldn't be done. We experimented a little at a time, and we heard of a distress sale of candy equipment down in Colorado Springs, and took some of our candy down to see if it could be cut and wrapped in their machinery.

We have sent samples of our candy to a research lab for help in a natural additive to keep it from sticking to the wrapper, which to begin with was one of the biggest production problems that we had.

Through trial and error, many long days and nights, lots of experiments fed to the pigs, we have reached this point in our business, where we have nine flavors of taffy and line of cremes—namely, five: Creamy Fudge, Pecan Pearl, Tropical Treasures, The Mint and Pecan Nut Delight. We also have peanut brittle and pollen drops.

These products have been added one at a time through the years, as we were able to experiment and come up with a recipe that was good enough to meet the public demand.

Needless to say, all of our experiments are not on the market today. A few things that would have made it easier would have been information as to where we could purchase supplies that we need, from ingredients to packaging.

We didn't know where to turn for help—and I'm sure there was help available at the time, if we'd had just known where to go.

We made some real blunders in advertising. An individual to help guide us on the correct place and type of advertising could have been very helpful.

I might add in there, that at the time we started this, we tried to do it by the book—and it didn't work, because of our product.

We didn't know that packaging for different areas of sales were different. We didn't realize that packaging developed for the health food industry was not suitable for grocery stores or a fancy food market.

We hired two different companies to help us on packaging and marketing, but didn't feel that either gave us the help that we needed.

We were in an area of manufacturing that had never been explored before. There is no other company in the world that manufactures all-honey candies.

We really haven't had any roadblocks. The State food and drug were very helpful in setting up our factory, and getting our labels printed correctly as to ingredients, size of label, and weight factors.

The State department of agriculture has been very helpful in developing overseas markets. We do find that there is a lot of paperwork involved in shipping outside of the United States.

We applied through the town of Lovell for a grant from the State of Wyoming EDS board for research and development on a new candy that we are in the process of making for the fancy food market. This will help us in size, packaging design, and market area for this new candy, and hopefully will eliminate some of the trial and error that we have had with some of the other candies.

I might add in there, that Nieman-Marcus is interested in the new candy; also, Harrod's, in London; and a grocery chain in Germany.

It seems like another one of the things that would help us expand faster is if there was money available for marketing and advertising.

And another thing is our supplies. Being a small company, large companies don't want to sell to you in small amounts.

For instance, we put colored paper around our candy, and at this time we need some green paper. In order to buy it, it's $7 a pound, and we need to buy 1,000 pounds. We have five different colors, and that's $7,000-worth of colored paper we have to buy and have on hand—which is maybe more than a year's supply.

Another thing is the tax deduction for research and development. Without research and development on our products, we don't go ahead, we don't stay—we go behind. And I thought I would bring that in as perhaps something could be done about that.

Thank you for listening.

Senator WALLOP. Thank you, Clarence. Thank you very much.

[The prepared statement of Mr. Zeller follows:]

QUEEN BEE GARDENS

1863 Lane 11½
Lovell, Wyoming 82431
(307) 548-2543

Queen Bee Gardens was started in 1975 by Clarence and Bessie Zeller and their sons, Mithcel, Von and Gene in an effort to make a market for the honey that we produced from our 3000 colonies of bees. We have been in the bee business since our marriage in 1943.

We also needed employment for our sons, as there was no work available here, and they didn't want to leave. Since that time Mitchel has left the business and moved to Oregon.

We started with honey taffy like Bessie had made in the kitchen for many years from a recipe her grandparents brought from Scotland. They made a couple of pounds at a time and the children loved to stretch it, and it made fun family entertainment and an inexpensive treat.

There were many things to learn; candy that is eaten the day or day after it is made is easy to make; but when you attempt to make candy that has a 4 to 6 month shelf life; that is wrapped and doesn't stick to the wrapper; and that is packaged in a suitable package for retail sales, it is a completely different ball game.

We went to other candy manufactures for help, and we were told it couldn't be done. We experimented a little at a time. We heard of a distress sale of candy equipment and went to Colorado Springs and took some of our candy to see if it could be cut and wrapped in their machinery. We sent samples of our candy to a research lab for help in a natural additive to keep it from sticking to the wrapper, which to begin with was one of our beiggest production problems.

Through trial and error, many long days and nights, lots of procut fed to the pigs, we have reached this point in our business where we have 9 flavors of taffy and a line of cremes—namely 5: Creamy Fudge, Pecan Pearl, Tropical Treasures, The Mint and Pecan Nut Delight. We also have peanut brittle and pollen drops. These products have been added one at a time through the years as we were able to experiment and come up with a recipe that was good enough to meet the public demand. Needless to say, all of our experiments are not on the market today.

A few things that would have made it easier would have been information as to where we could purchase the supplies that we needed, from ingredients to packaging.
We didn't know where to turn for help. I am sure that there was help available if we knew hwere to find it.

We made some real blunder in advertising. An individual to help guide us on the correct place and type of advertising could have been helpful.

We didn't know that different packaging for different areas of sales were different, we didn't realize that packaging developed for the Health Food Industry was not suitable for grocery stores or fancy food market.

We hired two different companies to help us on packaging and marketing, but didn't feel that either gave us the help that we needed. We were in an area of manufacturing that had never been explored before. There is no other company in the world that manufactures all honey candies.

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We presenlty have a grant from the State of Wyoming EDS board for research and development on a new candy that we are in the process of making for the Fancy Food Market. This will help us in size, packaging design and market area for this new candy and hopefully will eliminate some of the trial and error that we have had with some of the other candies.

Senator WALLOP. Cliff Root.

STATEMENT OF CLIFF ROOT, BONNEVILLE TRANSLOADERS INC., RIVERTON, WY

Mr. ROOT. Thank you, Senator Wallop, for inviting Bonneville Transloaders here. We're better known now as BTI. But in my testimony, I'm going to preface it, a little bit:

We are a success story, but—and that's mostly what my testimony is, but I don't—I want people to realize that it hasn't always been a rose garden. We've been in business a few years now.

But BTI is a transportation company based in Riverton, WY. The company came into existence February 7, 1985, and has grown to 100 regular and 15 part-time employees in a span of 30 months, with an annual payroll of $3.5 million.

The reason for BTI's existence is BTI hauls 600,000 tons of soda ash, which is a derivative of the raw mineral trona, per year; and it hauls this soda ash 200 miles from west of Green River, WY, to the railhead at Bonneville, WY, which is just north of Shoshoni, WY.

Trucks are used to transport the soda ash with a configuration of 15 tractor/trailer combination and 14 tractor/trailer/pup combination, and our gross hauling capacities per unit are 117,000 pounds and 83,500 pounds.

Penetrating a monopoly long held by the Union Pacific is the basic idea of our business. Since 1954, the Union Pacific has continually raised rates to a point that costs for transportation is as much as the cost of the product, of the soda ash.

BTI was started by Jim King and Ron Vosika, who have virtually no prior trucking experience. Their secret has been to find a need that already existed in Wyoming's transportation industry, and filled that need.

And I've listed basically the reasons for our success—and they really are quite simple, and I believe that they still exist in Wyoming:

Wyoming has an excellent labor pool; Wyoming has an excellent management pool—highly-educated people, business people, technical people. I think that we're losing them, but I think that we have them. And we had excellent cooperation from the job service of Wyoming. And this is a plus.

There is no real competition for the UP, other than Bonneville Transloaders at this time—and that's certainly a plus.

And we had excellent cooperation from the Secretary of State's office, at a local State level; and then—many people don't know about this, but I think you do, Senator Wallop—and I do, and that's—the overweight test on the interstate, implemented in Wyoming in 1985, that allows us to haul overweight on the interstate.

And then we received a 460—we are very capital-intensive. I mean, we need huge dollars. And I think people understand that. We've got a $460,000 SBA loan toward the purchase of these trailer combinations that allow us to bring a payload that many miles.

OK, and then the city of Riverton floated an industrial development revenue bond issue of $1.1 million.

And that was only part of our financing. We got another $1.1 million from the Burlington Northern Railroad. And by the way, this is a big joke, and I, not to waste time, but we do have to pay that $1.1 million back. [General laughter.]

We were accused of getting free money from Riverton, and that just isn't true.

Another plus is reasonable ad valorem property tax rates at this time—and I would like to emphasize "at this time."

Also, reasonable fuel tax and compensatory fee rates. And this has been a real positive, because in the trucking industry, we have a great deal of exposure and that is a general cooperation and good public relations among trucking, city, county and State governments.

Some of the continuing problems we face, which is the other side, is a real—I've noticed, myself—a real cautiousness and skepticism from Wyoming lending agencies, in capital expenditure monies. I've pretty much generalized that statement, and many of the other people here have been much more specific than that.

The incredible cost of liability insurance—the "sue you" attitude that apparently exists in the legal community, and is probably the principal adversary against BTI's existence, because of our high exposure.

This is a figure BTI pays, or paid: $195,000 for liabilities insurance in 1985.

Complicated structure of tax laws at local, State, and Federal levels and something that, in the future, that could pose a huge problem for our company is the additional taxes on fuel, wages, or property, would pose a real burden at this time, because we're still a new company.

In summary, I would like to say Bonneville Transloaders would probably not be a success story, without the implementation of the overweight test on the interstate in 1985, by the Federal Government.

That test is again up for renewal, this year, and would cause a problem for BTI, if not renewed. BTI does now have another access to the soda ash plants, but with Wyoming's winter weather, it is imperative that we have the option to run on the interstate.

Senator, I was able to talk with Joe Rosso, this week. He was out to see me, and he wanted to pass on his regards.

Another critical area, or critical area number 2, is the liability costs of doing business in Wyoming, that I've already addressed, but it's certainly a large burden for businesses both our size, and the smaller businesses. The liability insurance.

And then critical area number 3 for BTI is the implementation of any type of tax at this time.

In closing, BTI has gone from no company in 1985, to a multimillion-dollar industry in 2 years, by piercing an interstate market using Wyoming's own resources. I do firmly believe that many of those resources are still here.

Thank you.

[The prepared statement of Mr. Root follows:]

BONNEVILLE TRANSLOADERS, INC.
642 South Federal Blvd.
Riverton, WY 82501
(307) 856-7480

Background of Bonneville Transloaders. Inc.

Opening Statement: BTI is a transportation company based in Riverton, Wyoming. The company came into existence February 7, 1985 and has grown to 100 regular and 15 part-time employees in a span of 30 months with an annual payroll of 3.5 million dollars.

Reason for BTI's existence: BTI hauls 600,000 tons of soda ash/year 200 miles from west of Green RIver, Wyoming to the Railhead at Bonneville, Wyoming North of Shoshoni. Trucks are used to transport the soda ash, with a configuration of 15 tractor-trailer combinations and 14 tractor-trailer pup combinations. Gross hauling capacities/unit are 117,000 lbs. and 83,500 lbs.

Penetrating a monopoly long held by UP is the basic idea of our business. Since 1954 UP has continually raised rates to a point that cost for transportation is as much as the cost for product.

BTI was started by Jim King and Ron Vosika who have virtually no prior trucking experience. Their secret has been to find a need that already existed in Wyomings transportation industry and filling that need.

Reasons for our success have been quite simple and they still exist in Wyoming.

1. Wyomings excellent labor pool.
2. Excellent management pool.
3. No real competition except UP in our particular business.
4. Good cooperation from Secretary of States office.
5. Over Weight Test on the interstate implemented in Wyoming allowing 117,000 and 83,500 gross weights.
6. 460,000 SBA Loan towards the purchase of trailer combination to increase the pay load.
7. City of Riverton floating an Industrial Development Revenue Bond Issue of 1.1 million dollars.
8. Reasonable ad valorem property tax rates.

9. Reasonable fuel tax and compensatory fee rates.
10. General cooperation and good public relations between trucking, city, county and state government.

Some of the continuing problems we face are:

1. A cautiousness and skepticism from Wyoming lending agencies in capital expenditure monies.
2. Incredible cost of liability insurance. The sue you attitude that apparently exists in the legal community and is probably the principal advisary against BTI's existence because of our high exposure.

   BTI paid $195,000/the 1987 year for insurance.
3. Complicated structure of tax laws at local, state and federal level.
4. Additional taxes on fuel, wages or property would pose a real burden at this time.

5.

In Summary:

Bonneville Transloaders, Inc. would probably not be a success story without the implementation of the Over Weight Test on the Interstate, in 1985 by the Federal Government. That test is again up for renewal this year and would cause a problem for BTI if it is not renewed. BTI does (now) have another access to the Soda Ash Plants but with Wyoming's winter weather it is imperitive we have the option to run on the interstate.

Critical area #2 is the liability costs of doing business in Wyoming that I have already addressed but is certainly a large burden for businesses in Wyoming.
Critical area #3 for BTI is the implementation of any new type of tax at this time.

In closing BTI has gone from no company in 1985 to a multi-million dollar industry in 2 years by piercing an interstate market using Wyomings own resources.

Senator WALLOP. I thank you, and thank everybody here.

Let me say that I am optimistic that the truck study will be reauthorized. I am hoping for a 5-year. We are playing around with 3-year. But one thing about it, a lot of the people in the room may not know what it is, but it simply authorizes trucks on the interstate, at a greater than—what is it, 80,000 pounds?

Mr. ROOT. Yes.

Senator WALLOP. But the single-axle load is lower.

Mr. ROOT. Right.

Senator WALLOP. So that the wear on the highways is less. We have now had this in place, for a year. I think the chemical industry was very well helped in Wyoming, by that. We have had no complaints from the Highway Department, the Highway Patrol, Triple-A.

We have had a certainty that it has increased employment in Wyoming by probably more than a thousand jobs.

So if you hear of that, and hear it questioned, please, for heaven's sake, give us support in trying to get the truck study through—because Wyoming is an island in the middle of States which are permitted to do this.

That was one of the reasons why we got into that situation. Because we had our act together, in the Eisenhower administration when the Federal Highway Trust was passed and we are suffering, because we had a set of laws that the States around us did not have.

At any rate, the truck study does not give Wyoming a privilege that no one else around us has; it simply puts us on a par, to be competitive.

Cliff, let me ask you one quick thing. When you talk about the high liability cost, is that greater in Wyoming than, say, in Colorado or any surrounding State?

Mr. ROOT. I can't answer that question honestly. I don't believe it's really any higher, but it's——

Senator WALLOP. But it is still high.

Mr. ROOT. It's still a big problem for us, because, I guess to be honest, the huge truck bearing down, and that tendency to sue, and then the insurance companies. Some people can't get liability insurance at all. And we were lucky.

But it's very expensive. It's very expensive. Whether it's any higher in Colorado, South Dakota, or North Dakota, I really don't know, Senator. But if we can address it, I believe that someone else will follow. I believe it's a problem.

Senator WALLOP. Cliff, there was one thing that you brought up, that I think that everybody in this room ought to help us try collectively as a State to do, and keep in mind that the purpose of this hearing is not to find fault with State agencies or Federal agencies, or anything else—it is to find solutions.

So while we have problems that have been identified, the purpose here is not to put somebody in the corner and make them stand there while we talk about them; the purpose here is to learn and see what we can do together as a State—the Federal Government, the State government, the community organizations, and the

private industry of Wyoming, to advance the interests of small businesses.

You said, among other things, that there should be a list of what is here.

Mr. ARBOGAST. Yes, sir.

Senator WALLOP. Let me tell you, that this is really important: When I made the first trip to the Far East, the principal purpose of the trip was the soda ash industry, the trona industry, because it had a marketing presence out there.

But since I was going, I thought it would be a good idea to take along whatever else there was, since I was going to be talking to trade ministers and finance ministers in Japan, Korea, Taiwan, and Hong Kong.

So I asked for a list, and asked, for some things to take along. I got a couple of brochures, with stamps of Japan, and Japanese writing on them, of Yellowstone Park. [General laughter.]

I got Wyoming's employment statistics. I mean, our purpose was not to go there to get them to come here and work; our purpose was to take what we had here.

But we did not get anything about Freedom Arms. We did not get anything about the alfalfa cubes industry. We did not get anything about Mr. Zeller's candy. We did not get anything about the young fellow in Fremont County, who is one of the great leather tanners of the world.

And the reason is because we did not know what was here. So when we are—going back to Ken Brown's request, that—somehow or another, we find means to bring people to Wyoming.

We need to, and we want to, and we should do; but we, again, I just make the same statement. We do not know enough about what we are; and if we do anything here, we aim to help each other get that information together.

I think this has been really stimulating.

Dr. Pepin, let me ask you: Should we hold more procurement conferences?

Dr. PEPIN. I think one of the biggest disappointments I saw when I attended the conference was, not what was there, but what wasn't there; and what wasn't there, is the representation of the people of our State who should have been there—and I mean the people that really would have benefited from that conference.

I was disappointed that there wasn't a better attendance. At that conference, of course, we had representatives of most of the major Federal agencies.

And there was a wealth of material—a lot of material to sift through, of course; but nevertheless, there were some plums that were on that bush.

Senator WALLOP. Perhaps your experience will stimulate it, if we were to hold another one.

I want to thank you all. This concludes the business part of this hearing; but let me suggest to you, that what you have seen, in Wyoming business interests, is just a little line on the bottom of what is here in the State.

There are a lot of things that Wyoming does, and can do, and will do here. What we need to do is find a way, all together, to make certain that the interests of these enterprises have as free a

path to economic future as they can; because that is the thing that keeps graduates of the University of Wyoming, and sons of ranchers, and other people in the State, and provides us with the kind of economic stability that doesn't depend on the single golden goose of the mineral industry.

The mineral industry will bring tremendous advantages to this small business community, when it is healthy; but more importantly, small business brings tremendous advantages to Wyoming, when that goose is down for a while.

I want to thank you all, for sharing your experiences with us. [General applause.]

Now, the next is a pair of panels of witnesses from banking, the chambers of commerce, and economic development community.

The first panel consists of Gretchen Tea, well known to me and to us, who is the executive director of the Wyoming Bankers Association; Herb Kulow, the First Interstate Bank in Greybull, who is also involved with the local economic development council of which I have made mention, this morning; and Pat Nagel from the Wyoming Futures Project.

Senator WALLOP. Gretchen.

STATEMENT OF GRETCHEN TEA, EXECUTIVE VICE PRESIDENT, WYOMING BANKER'S ASSOCIATION, CASPER, WY

Ms. TEA. Thank you, Senator. On behalf of the Wyoming Bankers Association, it's a pleasure to be here.

Small, independently-owned and independently-operated business establishments form the backbone of our economy. There are more than 13 million non-farm businesses in this country, and 98 percent of them have fewer than 50 employees.

These businesses provide jobs for more than half of the United States work-force, and they generate almost half of our country's gross national product.

Not only are small businesses vital to our national economy, but they are essential to the economic well-being of each and every community. And small businesses form an important part of a Bank's customer base.

The partnership between banks and small businesses is mutually beneficial. Small business loans comprise the largest portion of a bank's portfolio. These loans represent from 60 to 100 percent of the total number of commercial loans a bank makes, depending on the bank's size and location.

There are two main reasons small business provides a potentially profitable market for commercial banks:

First, small business is dependent on commercial banks for both short and long-term financing. Commercial banks provide over 90 percent of their short-term (under 12 months) and almost 70 percent of their long-term—over 60 months—financing.

Unlike large business, small business does not have alternative financing opportunities, and, in essence, rely heavily on your community banks.

Second, meeting the financing needs of small business helps build the local economy which in turn benefits the banks as loans and deposits grow. While this path of profitability growth may not

rise as rapidly as others, this growth is sustainable over the long run.

Banks share another bond with small businesses: the vast majority of banks in this country are themselves small businesses.

The future of any bank is tied to the financial health of the community it serves; so banks have a strong interest in contributing to the stability of their communities by serving the financial needs of small businesses.

Meeting the financing needs of small business helps build the local economy which in turn benefits the banks as loans and deposits grow.

The key to this partnership between banks and small businesses is good communication.

To provide the best possible service, a banker must have a lot of information about the businesses he works with. In making judgments about credit, a banker needs to look carefully at the business itself, as well as its owner.

The most important factors a bank looks at are the five C's of credit: Character, capacity, capital, collateral, and condition.

Trust between the banker and the borrower is essential. That's why the first C stands for character. The bank needs to know that the borrower is a responsible person who is willing to repay the loan.

The second C stands for capacity: What is the borrower's management ability and experience? How well does he or she keep financial records?

The third C stands for capital: How much money does the borrower have personally invested, and is he or she competent enough in the business to back it up with their own money.

The fourth C is collateral which will provide a secondary line of protection in the event that the loan cannot be repaid.

And the last C is condition. This term refers to the general condition of the economy—the conditions affecting the future success of the business.

These five C's represent the general considerations that a banker will have in mind as he evaluates any particular situation.

Small business represent attractive prospects for lenders. That's because, unlike their large corporate brethren, small businesses still rely on banks for their credit needs.

However, lenders face three major areas of risk when making loans: Credit risk, interest rate risk, and industry risk.

Credit risk is the evaluation of the creditworthiness of each potential borrower based on a variety of factors such as financial statements, management ability, availability, and quality of collateral, as well as previous relationships with the bank.

Concerns about interest rate risk become important during periods when interest rates are volatile.

An industry risk is a relatively new area of concern to banks. Problems in specific industries in recent years, as in Wyoming's energy and ag industries, have underscored the importance to banks of knowing their exposure to industry risk in their commercial loan portfolios.

Many recent bank failures have been associated with concentrations of loans to problem industries. As a result, banks and their

regulators have added industry risk to the list of risks that they have to be prepared to evaluate and manage.

The concern is that the loan portfolio may be particularly vulnerable to shocks that affect several of the industries represented in the portfolio.

No financial institutions have a bigger stake in America than banks. From the smallest towns to the biggest cities, banks invest in their communities. American banks also run the world's most advanced payments system, processing 100 million checks a day and settling trillions of dollars in international accounts every year.

No other Nation has a banking system so flexible and so diverse. In community after community, banks have backed the new ideas and the people who have given substance to countless American dreams and prosperity and fulfillment.

However, although banks have the broader financial expertise, they are more conveniently located and can be more deeply trusted than other kinds of financial services, because of the constraint of laws and regulations limiting the number and kinds of services that banks can offer, this expertise to small businesses goes untapped.

Thus, banks are not allowed by law to offer securities, insurance or real estate services to their customers, and, particularly, to small business.

For example, did you know that a national bank in a town of 5,000 people can sell insurance—if the population is 5,001, it cannot sell insurance; or a bank can sell you credit life insurance to cover your auto loan, but can't insurance your car.

A bank can offer the average saver a bank-managed mutual fund for an IRA, but not for other investments. A bank can give you a mortgage but they cannot help you buy the house. Real estate brokers can do both.

A bank can underwrite the general obligation bonds of a State or locality, but not their revenue bonds.

These are just a few of the things that banks must contend with. They are being denied the chance to compete. While businesses and consumers are demanding new and better financial services, current regulations make it harder for banks to deliver these services.

The goal of banks, however, is to strengthen the role of the private sector in local economic development. Achieving this goal means being sensitive to the needs of the Community. A bank offers a lot more than money for loans or for buying Bonds that keep local projects going; a bank offers something else that is also a major asset to the community: Financial expertise, coupled with a stake in the long-term economic health in the community.

Banks can modify their usual loan criteria if there are circumstances that warrant a closer look:

In some areas of the country, bankers are affirming their commitment to the community by making loans at especially favorable rates for the purpose of rehabilitating targeted areas of the community.

In recent years banks have been increasingly involved with nonprofit community development organizations that may be involved with revitalization of a particular section of a city.

In conclusion, since small businesses represent the lifeblood of the majority of banks and also the lifeblood of communities all over the country, the banking Industry is committed to fostering its partnership with small businesses.

The future of the banking industry is tied to the prosperity of the dry cleaner down the street and the car wash on the corner.

As these small businesses grow and prosper, the banks, as well as their customers, will benefit. The customers will have a bank to rely on for present and future banking needs, and the bank will have a loyal, prosperous customer.

Thanks.

Senator WALLOP. Thank you.

[The prepared statement of Ms. Tea follows:]

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STATEMENT OF

GRETCHEN TEA

EXECUTIVE VICE PRESIDENT

WYOMING BANKERS ASSOCIATION

BEFORE THE

SENATE SMALL BUSINESS COMMITTEE

AUGUST 14, 1987

WORLAND, WYOMING

COMMITTEE ON SMALL BUSINESS
Friday, August 14, 1987
Worland, Wyoming

Small, independently-owned and operated business establishments form the backbone of our economy. There are more than 13 million non-farm businesses in this country and 98 percent of them have fewer than 50 employees. These businesses provide jobs for more than half the U.S. work force and they generate almost half of our country's Gross National Product. Not only are small businesses vital to our national economy but they are also essential to the economic well-being of each and every community. And small businesses form an important part of a bank's customer base. The partnership between banks and small businesses is mutually beneficial. Small business loans comprise the largest portion of a bank's loan portfolio. These loans represent from 60 to 100 percent of the total number of commercial loans a bank makes, depending on the bank's size and location.

There are two main reasons small business provides a potentially profitable market for commercial banks. First, small business is dependent on commercial banks for both short and long term financing. Commercial banks provide over 90 percent of their short-term (under 12 months) and almost 70 percent of their long-term (over 60 months) financing. Unlike large business, small business does not have alternative financing opportunities and, in essence, represents a captive market for commercial banks. Second, meeting the financing needs of small business helps build the local economy which in turn benefits the bank as loans and deposits grow. While this path of profitability growth may not rise as rapidly as others, this growth is sustainable over the long run.

Banks share another bond with small businesses. The vast majority of the banks in this country are themselves small businesses. The future of any banks is tied to the financial health of the community it serves. So, banks have a strong interest in contributing to the stability of their communities by serving the financial needs of small businesses. Meeting the financing needs of small business helps build the local economy which in turn benefits the banks as loans and deposits grow.

The key to this partnership between banks and small businesses is good communication. To provide the best possible service, a banker must have a lot of information about the businesses he works with. In making judgments about credit, a banker needs to look carefully at the business itself, as well as the owner. The most important factors a banker looks at are the five C's of credit: CHARACTER, CAPACITY, CAPITAL, COLLATERAL and CONDITION.

Trust between the banker and the borrower is essential. That's why the first C stands for character. The bank needs to know that the borrower is a responsible person who is willing to repay a loan.

The second C stands for capacity. What is the borrower's management ability and experience? How well does he/she keep financial records?

The third C stands for capital. How much money does the borrower have personally invested and is he/she confident enough in the business to back it up with their own money?

The fourth C is collateral which will provide a secondary line of protection in the event that the loan cannot be repaid.

And the last C is condition. This term refers to the general condition of the economy... the conditions affecting the future success of the business.

These five C's represent the general considerations that a banker will have in mind as he evaluates any particular situation.

Small business represent attractive prospects for lenders. That's because, unlike their large corporate brethren, small business still rely on banks for their credit needs. Moreover, small business loans are profitable. However, the higher spreads earned on small business loans are only possible because of the greater risk involved in small business lending. Because of this, lenders face three major areas of risk when making loans: CREDIT RISK, INTEREST RATE RISK and INDUSTRY RISK.

CREDIT RISK is the evaluation of the creditworthiness of each potential borrower based on a variety of factors such as financial statements, management ability, availability and quality of collateral, as well as previous relationships with the bank.

Concerns about INTEREST RATE RISK become important during periods when interest rates are volatile. Unless the maturities and income and expense streams of assets and liability are perfectly matched, a change in rates affect interest income and interest expense differently. Although banks have been able to influence their earnings through their pricing and maturity strategies for both their assets and their liabilities, in periods of significant interest rate swings, these strategies can backfire. Thus, banks and their regulators have become increasingly concerned about the sensitivity of earnings to interest rate changes. This has become an important consideration in the pricing of loans to businesses of all sizes.

INDUSTRY RISK is a relatively new area of concern to banks. Problems in specific industries in recent years, as in Wyoming's energy and ag industries, has underscored the importance to banks of knowing their exposure to industry risk in their commercial loan portfolios. Many recent bank failures have been

associated with concentrations of loans to problem industries. As a result, banks and their regulators have added industry risk to the list of risk they must be prepared to evaluate and manage. The concern is that a loan portfolio may be particularly vulnerable to shocks that affect several of the industries represented in the portfolio.

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No other nation has a banking system so flexible and diverse. While other countries have only a handful of banks, the U.S. has 14,759 banks with 55,000 offices serving almost every neighborhood. In community after community, banks have backed the new ideas and the people who have given substance to countless American dreams of prosperity and fulfillment. However, although banks have the broader financial expertise, they are more conveniently located and can be more deeply trusted than other kinds of financial services company, because of the constraint of laws and regulations limiting the number and kinds of services that banks can offer, this expertise to small business goes untapped. Thus, banks are not allowed by law to offer securities, insurance or real estate services to their customers, and, particularly, to small business. For example, did you know that a national bank in a town of 5,000 people can sell insurance. If the population is 5,001 the bank cannot sell insurance... or a bank can sell you credit life insurance to cover your auto loan, but can't insure your car. A bank can offer the average saver a bank-managed mutual fund for an IRA but not for other investments. A bank can give you a mortgage but they cannot help you buy the house. Real estate brokers can do both. A bank can underwrite the general obligation bonds of a state or locality but not their revenue bonds. These are just a few of the things that banks must contend with. They are being denied the chance to compete. While business and consumers are demanding new and better financial services, current regulations make it harder for banks to deliver these services.

The goal of banks is, however, to strengthen the role of the private sector in local economic development. Achieving this goal means being sensitive to the needs of the community. A bank offers a lot more than money for loans or for buying bonds that keep local projects going. A bank offers something else that is also a major asset to the community, financial expertise coupled with a stake in the long-term economic health of the

community.

Banks can often modify their usual loan criteria if there are circumstances that warrant a closer look. In some areas of the country, bankers are affirming their commitment to the community by making loans at especially favorable rates for the purpose of rehabilitating targeted areas of the community. In recent years banks have been increasingly involved with non-profit community development organizations that may be involved with revitalization of a particular section of the city.

In conclusion, since small businesses represent the lifeblood of the majority of banks and also the lifeblood of communities all over the country, the banking industry is committed to fostering its partnership with small businesses. The future of the banking industry is tied to the prosperity of the dry cleaner down the street and the car wash on the corner. As these small businesses grow and prosper, the banks, as well as their customers, will benefit. The customers will have a bank to rely on for present and future banking needs and the bank will have a loyal prosperous customer.

Thank you.

Senator WALLOP. Herb.

STATEMENT OF HERBERT J.C. KULOW, PRESIDENT, FIRST INTERSTATE BANK, GREYBULL, WY

Mr. KULOW. Thank you, Senator. I'd like to briefly describe the role of the banking industry in the development of small business:

First of all, the bank plays a critical role in the assistance of small business through its financial expertise, as Gretchen mentioned.

Through this expertise, with past businesses in similar situations, and through the advice and counseling that can be given to the owners and managers, businesses have a head start before they invest any money.

A bank must act as a partner, lending its objectivity to the operation of the business. A bank can act as a vehicle for the dissemination of both State and Federal assistance programs to small businesses.

Also, a bank can act as a monitor of that business, procuring financial data, making available State and National statistics as to the performance of like businesses.

And finally, and most importantly, a bank can assist small businesses through the prudent extension of credit.

Over the last 10 years, from 1976 to 1986, outstanding loans with State of Wyoming banks have grown from $340.5 million to $950 million—obviously, serving the needs of the business community; however, we do run into some shortfalls and problems in providing or making available this credit.

In most cases the problems exist with the lack of capital or equity provided by the borrower. As we all know, Wyoming is a capital-short State. It takes equity to get started.

A bank is also a small business, and has a responsibility not only to its stockholders, but also toward depositors whose money is being lent to these small businesses, to ensure that there is an adequate base available within the business to make it profitable and to ensure its continued operation.

For this reason, it's becoming more and more difficult to find qualified borrowers. Keep in mind, also, that we must protect our capital also. Undue risk or jeopardy by the bank can result in loan losses which can seriously deplete the capital or equity of that banking business.

Wyoming banks play an important role in stimulating the Wyoming economy. Of course, this is done primarily through the extension of credit; but, in addition, banks provide manpower to local and regional, and State committees for the development of new business for the State of Wyoming.

I'm sure that most all banks have participated in some form, with the link deposit. In addition, many banks are using the F.H.A. Guarantee Program to assist the small agribusinessmen in acquiring funding, rather than sending them directly to the FHA offices.

In order to reduce a financial strain on this Federal agency, many banks are also extending credit with the FHA subordination agreement.

Although Wyoming is considered to be an energy-dependent State, we have a tremendous agricultural community requiring funding for the production of products.

In 1985, 52 percent of all funding for non-real estate agricultural loans were originated by commercial banks, only 13 percent by the Production Credit Association, and only 14 percent by the Farmers Home Administration.

Can anything be done to enable banks to give additional assistance to small businesses, through the changes of laws or regulations? Well, I think there's something that can be done.

First of all, the providers of financing must be treated equally. As you are aware, banks operate under a tremendous regulatory hinderance, and even though we have had some improvement over the last few years through deregulation, there have been many new competitors in our market, operating under their own rules—competitors such as savings & loans, credit unions, brokerage houses, insurance companies, and, yes, even Sears Roebuck, all providing financial services directly to the customer, all providing banking services to the customer, but none having to follow the banking laws and regulations that community banks are subject to.

Competition is good. I have no problem with competition, because I am a competitor; however, it's tough to play baseball, if you don't have a bat.

In summary, it's obvious that the banking industry is a substantial force in providing services and assistance to the small business community.

There are some inadequacies that slow us down and do not allow us to provide services as quickly or reasonably as our competitors; however, we cannot allow that to distract from our responsibility to the community.

Senator WALLOP. Thank you, Herb.

[The prepared statement of Mr. Kulow follows:]

STATEMENT OF

HERBERT J.C. KULOW

PRESIDENT

FIRST INTERSTATE BANK OF GREYBULL, N.A.

BEFORE THE

SENATE SMALL BUSINESS COMMITTEE

AUGUST 14, 1987

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I would like to describe briefly, the role the Banking Industry plays in the stimulation and development of small businesses. First of all, a bank plays a critical role in the assistance of small businesses, through its financial expertise , through its experience with past businesses in similar situations, and through the advice and counseling that can be given the owners or managers of a business. The Bank must act as a partner, lending its objectivity to the operation of the business. The Bank can act as a vehicle for the disemination of both State and Federal assistance programs to small businesses. Also, a Bank can act as a monitor of that business, reviewing financial data, making available State and National statistics, as to performance of like businesses. Finally, and most importantly, the Bank can assist small businesses through the prudent extension of credit.

Over the last ten years, from 1976, to 1986, outstanding loans with the State Banks of Wyoming have grown from $340.5 million dollars to $950 million dollars, obviously serving the need of the business community. However, we do run into some shortfalls and problems in providing or making available this credit. In most cases, the problem exists with the lack of capital or equity, provided by the borrower. As we all know, Wyoming is a very capital short state, and it takes equity to get started. A Bank, also being a small business, has a responsibility not only to it's Stockholders , but also to it's Depositors, whose money is being lent to these small businesses, to ensure that there is an adequate base available within the business to make it profitable and to ensure its continued operation. For this reason, it's becoming more and more difficult to find qualified borrowers. Keep in mind also, that we must protecc our capital also. Undo risk or jeopardy by the Bank can result in loan losses, which can seriously deplete the capital or equity of the Banking business.

Wyoming Banks play an important role in stimulating the economy of Wyoming. Of course, this is done primarily through the extension of credit, but in addition, banks have provided manpower to local, regional, and statewide committees for the development of new business for the State of Wyoming. I'm sure that most all Banks have participated in the link deposit program initiated by the State of Wyoming. In addition, many Banks are using the FHA guarantee program to assist the small Agri-businessman in aquiring funding, rather than sending him directly to the FHA offices. In order to reduce the financial strain on this federal agency, many banks have also been extending credit with the FHA subordination agreement. Although Wyoming is considered to be an energy dependent State, we have a tremedous agricultural community, requiring funding for the production of products. In 1985, 52% of all funding for non-real estate agricultural loans was originated by Commercial Banks; only 13% by the Production Credit Association, and 14% by the Farmers Home Administration.

Can anything be done to enable Banks to give additional assistance to small businesses, through changes in laws and regulations? Well, I think there is something that can be done. First of all, the providers of financing must be treated equally. As you are aware, Banks operate under a tremendous regulatory hindrance, and even though there have been some improvements over the last few years, through deregulation, there have been many new competitors in our market, operating under their own rules. Competitors such as, Savings & Loans, Credit Unions, Brokerage Houses, Insurance Companies, and yes even Sears Roebuck, all providing financial services directly to the consumer, all providing "banking" services to the consumer, but none having to follow the banking laws and regulations that community banks are subject to. Competition is good, and I have no problem with it, because I am a competitor, however, it's tough to play baseball if they don't give you a bat.

In summary, it's obvious that the Banking Industry is a substantial force providing services and assistance to the small business community. There are some inequities that slow us down, and do not allow us to provide the service as quickly or as easily as our competitors, however, we can not allow that to distract from our responsibility to the community.

Senator WALLOP. Pat.

STATEMENT OF PAT NAGEL, CO-DIRECTOR, WYOMING FUTURES PROJECT, CASPER, WY

Ms. NAGEL. Thank you, Senator Wallop, for the opportunity to speak today.

The Wyoming Futures project is not a small business, though it is internally operated like one, nor is it an economic development organization, although, as a result of our work, economic development may occur.

We are a non-profit, public/private partnership dedicated to bringing Wyoming's people together to plan for Wyoming's future.

Because we deal with people all over the State, we bring a somewhat different perspective to economic development.

Wyoming is unique. Those of us who live and work in Wyoming are aware of our distance from each other, both physically and psychically. At the Futures Project, we believe that both the physical and the psychic distances are barriers to economic development, but we do believe that they can be overcome.

I would like to talk to you today about what has been accomplished by us and by others in removing these barriers, and to make some suggestions about what remains to be done.

The approach of the Wyoming Futures Project began with an SRI study of Wyoming, which identified five critical areas: Economic stability, tourism, communication and transportation, agriculture, and organization of State government.

The way that we approach these problems is to set up citizen task forces to study each of these areas. The citizen task forces are comprised both of citizens in Wyoming and Citizens outside of Wyoming who have strong corporate interests in Wyoming.

Various levels of expertise are sought for membership on these task forces, as well as geographic representation around the State.

The goals set for each of these task forces is to work toward recommendations that will be in the best interest of Wyoming, and decisions are made by consensus.

And as you know, this is a major challenge, given the diverse interests and individuals in the State.

Executive summaries of dozens of recommendations made by these task forces were sent out in January. Copies of these, 125,000 summaries were sent out to people around the State, containing recommendations of the task forces that had already concluded their work.

I'd like to highlight particularly, one recommendation that came out of our economic stability task force—and that was a suggestion that state-wide economic development activities should be more coordinated.

Since the economic development and stabilization board had already been established, the task force recommended that the economic development and stabilization board act as the coordinator for all state-wide economic development activities.

This suggestion is controversial, of course, because the various economic development groups zealously guard their territory. That

turf protection, however, may not always be in Wyoming's best interests.

The agriculture task force and the organization of State government study group have not yet issued their recommendations, but they are expected by the end of the year.

How have we done? What result, from some of these recommendations? It's very difficult to quantify work that is so fluid in nature, but we are constantly reviewing and evaluating the project to see that it does what it's supposed to do—and that is: bringing Wyoming's citizens together to participate in Wyoming's future.

Specific recommendations that have come from the various task forces that are being implemented or are being seriously considered for implementation include:

State tourism coordinator. Governor Sullivan has endorsed this idea and a search is being held for the coordinator;

Bus deregulation. The legislature passed a bill to eliminate the multiple stops previously required for tour buses traveling in Wyoming. This enables tour bus travelers to spend more time and money at their destination.

A superhost program. This was implemented by the Wyoming Small Business Development Center, to train people who serve tourists in Wyoming to be good hosts;

Tax and revenue study. This study was identified as a basic need by the economic stability task force, and the organization of State government study groups will use the information generated by this study committee;

Transportation hubs. Coordination of ground and air transportation services is being implemented in Casper, and it is hoped that other cities will follow suit.

A regional transportation authority is being discussed. In fact, legislative hearings are being held at the end of this month to consider this;

Also, a mineral regulation review task force is being set up by the Governor. That was another Task Force suggestion;

Invite someone you love to Wyoming. Pacific Power & Light, in cooperation with the State travel commission, is sponsoring a program which enables potential visitors to Wyoming to receive a personal invitation from the Governor.

Mini-futures projects have also been set up all around the State. Groups are meeting to solve problems at a local level. Examples are the Fossils Buttes Future project, Jackson Future 22, and the Rotary Roundup which was recently held in Casper.

There are many recommendations that haven't been implemented, and some never will be, but what remains to be done, I believe, is that we need to address our physical and psychic distances.

Physical distances are great, but those can be overcome. That's the easy part. I think, really, the psychic differences between us are what really needs to be addressed.

We need to do more cooperative planning. We need to coordinate and cooperate on all levels. In fact, lack of coordination and lack of dissemination of information was identified by every single task force as a common problem.

Wyoming is made up of entrepreneurs, as you have seen today—and these folks need to be encouraged.

In fact, I believe much of the ambivalence that Wyoming expresses about economic development would have been resolved earlier, if the hometown folks had been given a helping hand before all the talk about "bringing in new businesses" began.

I know that the Economic Development and Stabilization Board and the Wyoming Small Business Development Center are trying to make efforts in this area, and those efforts need to be encouraged and expanded.

We need to nurture and build upon our own resources and the people who are already here. We need to find out what they need to market their product; what they need to hire more employees; and what they need to stay in Wyoming.

We believe this will be more easily accomplished if economic development agencies cooperate with each other and communicate with the people more.

To get through these difficult times, we need to cooperate, and we need to put our self-interest aside and become statesmen for Wyoming.

Thank you.

[The prepared statement of Ms. Nagel follows:]

TESTIMONY BEFORE SENATE SMALL BUSINESS COMMITTEE
BY: PAT NAGEL, CO-DIRECTOR OF THE
WYOMING FUTURES PROJECT
August 14, 1987 - 9:00 a.m.
Worland, Wyoming

The Wyoming Futures Project is not a small business, though it is internally operated like one; nor is it an economic development organization, although economic development may occur as a by-product of our work. The Futures Project is a non-profit, public/private partnership dedicated to bring Wyoming people together to plan for Wyoming's future.

Because we deal with people all over the state, we bring a somewhat different perspective to economic development in Wyoming.

Wyoming is unique. Those of us who live and work here are aware of our distance from each other, both physically and psychically. At the Futures Project, we believe that both the physical and the psychical distance are barriers to economic development in Wyoming but we believe that both can be overcome.

I would like to talk with you today about what has been accomplished by us and by others in removing these barriers and to make some suggestions about what remains to be done. What remains to be done does not necessarily consist of specific projects or opportunities, but rather consists of changing attitudes so that specific projects can be encouraged and opportunities can be recognized.

HISTORY OF WYOMING FUTURES PROJECT

First, let me review the short history of the Project. The Wyoming Futures Project was founded as a joint effort of the State of Wyoming and the Ucross Foundation in 1985. In 1986, the Wyoming Futures Project became a separate non-profit corporation. It was, and it continues to be, a public/private partnership with half of the Project's funding provided by the state and the remaining half contributed by the private sector. In 1985, the Project contracted with SRI, Inc., to survey all sectors of Wyoming's economy. The SRI report was presented at a conference in 1985 which was attended by over 1,000 Wyoming citizens. At that conference, citizens identified five areas of critical concern to the state:

TOURISM

ECONOMIC STABILITY

COMMUNICATION AND TRANSPORTATION

AGRICULTURE

ORGANIZATION OF STATE GOVERNMENT

Parenthetically, after the SRI report was issued and the conference was held, the energy industry went into a tailspin. Since Wyoming is so dependent on the energy industry, it became even more critical for Wyoming to study these issues and for Wyoming citizens to seek means to diversify the state's economy.

In 1986, Linda Nix and I, both attorneys from Casper,

were hired as Co-directors of the Project. The Wyoming Futures Project then mobilized to involve as many Wyoming citizens as possible in fulfilling the mandate of the 1985 conference participants -- plan for Wyoming's future -- NOW! Governor Mike Sullivan assumed the Chairmanship of the Project in 1987.

WHAT'S HAPPENED?

Two citizen task forces, Tourism and Economic Stability, worked throughout 1986 and issued their recommendations in January, 1987. The Communication/Transportation Task Force issued an Interim Report in January, 1987. The task force reports were issued as a newspaper supplement (attached). One Hundred Twenty-Five Thousand copies of these were distributed free of charge by newspapers around the state.

These task forces are made up of Wyoming citizens and citizens who have strong corporate interests in Wyoming. They are chosen to represent various interests, and to have various levels of expertise in the study area. An effort is made to represent most geographic areas in the state on each task force.

The goal set for each task force is to work toward recommendations that will be in the best interest of Wyoming. Decisions are made by consensus, and as you know, this is a major challenge given the diverse interests and individuals in the state.

In January 1987, the Wyoming Futures Project second state-

wide conference was held in Cheyenne. The meeting was attended by over 400 participants representing every county in the state. The participants vigorously discussed the task force recommendations contained in the supplement.

TOURISM TASK FORCE

Some specific recommendations made by the Tourism Task Force include the appointment of a State Tourism Coordinator. Tourism, as you know, is Wyoming's second largest industry. The task force believed that fragmentation in the tourism industry hindered its growth and prevented long term planning. To alleviate this, the task force recommended the appointment of a State Tourism Coordinator, at a cabinet level position, who would coordinate state, federal and local agency activities with private interests. To further advance cooperation, the task force recommended the formation of the Advisory Consortium on Tourism or "ACT". This consortium would be made up of representatives from state and federal agencies and private interests. It would provide strategic planning to encourage economic development through tourism. This could be done by coordinating marketing strategies and promotions; providing a contact for people interested in establishing tourism ventures in Wyoming; and providing technical assistance to communities and groups to enable them to attract and hold conventions.

The task force also addressed access issues and noted that some progress is being made toward resolving the lack

of cooperation between the Bureau of Land Management, the Forest Service, the state and private land owners, which was identified by the SRI report. Programs such as the BLM's "Operation Respect", the Forest Service "HOST" program, and local chambers hunter and fisherman assistance programs were commended by the task force. The task force also encouraged the continuation of negotiated settlements among competing interests for both public and private lands.

The task force also recommended the establishment of "Watchable Wildlife" preserves near I-80, as well as other wildlife observation and interpretive sites throughout the state. The "Watchable Wildlife" preserve would require close cooperation between public and private interests. After the Tourism Task Force report was issued, a similar concept called the "Big Open" was proposed for Montana by a Montana rancher. Under the Montana plan, which was more highly developed than was the Tourism Task Force recommendation, ranchers would reseed cropped fields with natural grasses. The 15,000 square mile area would become a vast prairie game preserve in less than 50 years. According to its advocates, a reserve of this magnitude would rival the Serengeti, which produces gross tourist receipts of $300 Million Dollars annually.

A creative and interesting idea -- you won't be surprised to hear that the Montana proposal has elicited strong response. In fact, a magazine article outlining the concept was entitled "The Big Open--A Touch Sell Among Hard People". I suspect

that if the Tourism Task Force proposal had been more sharply defined, it would have triggered a more defined response in Wyoming.

The Tourism Task Force also recommended the establishment of ranch bed and breakfasts. This idea has been well developed by the Extension Service at the University of Wyoming. This kind of ranch recreation experience is giving Wyoming ranchers an opportunity for extra income and visitors a taste of the "real" Wyoming.

In addition, the Tourism Task Force provided a "shopping list" of suggestions for tourism development which included:

1. Hands-On Oil Derrick
2. Mini-Tours created by a Wyoming company with emphasis on geology, wildlife, wildflower and cultural events.
3. Centennial Train
4. Historic Working Ranch
5. Archeology Digs
6. Creation of tour company that specializes in "Experienced Based" vacations.
7. Development of "Made in Wyoming" products that appeal to tourists.

ECONOMIC STABILITY TASK FORCE

The Economic Stability Task Force recommendations were, as you may imagine, more directly concerned with economic development in Wyoming. Several recommendations, however, are of special interest. The first was a recommendation by the task force that the state adopt a state minerals policy. It

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was felt by the task force that the lack of a coherent minerals policy creates a vacuum in which poor decisions are more likely to be made. The task force developed the following guideline for the development of the policy:

> "It is the policy of the state of Wyoming to make it simple, convenient and profitable for business to search for and develop Wyoming's energy resources, and at the same time promote economic stability, maintain the quality of life, and environmental resources of the state."

The task force also urged the state to support federal acid rain legislation that contained the following components:

1. A "Least Cost Approach" to allow the utilities the choice of <u>how</u> to reduce emissions, but not an option as to <u>whether</u> they reduce emissions.
2. Non-polluting consumers should not have to subsidize cleanup for polluting states since many consumers in the west already have and already are paying for cleaner air.
3. No policy should be adopted which places western low-sulfur coal at a competitive disadvantage to eastern high-sulfur coal.

Another recommendation of the Economic Stability Task Force was that statewide economic development activities should be coordinated. A survey done by the Wyoming Futures Project at the 1986 Business Rendezvous illustrated the need for such coordination. We asked the participants if they had utilized any of the financial assistance programs available or heard of any of the economic development organizations in the state. The overwhelming majority had neither utilized the programs nor heard of the organizations. It was clear

that a coordinated effort needed to be made in this area. Since the Economic Development and Stabilization Board had been established, the task force recommended the Economic Development and Stabilization Board act as coordinator for all statewide economic development activities. This suggestion is controversial, of course, because the various economic development groups zealously guard their territory. That "turf protection" may not always be in Wyoming's best interests.

The task force also established a criteria for judging potential economic development efforts:

1. Will existing jobs be maintained?
2. Will more jobs be created?
3. Will new dollars flow into Wyoming?
4. Will Wyoming dollars stay in Wyoming?

An additional factor that was identified as critical to economic development in Wyoming was the role of higher education. SRI reported that the University "may be more important to Wyoming's economic future than any other institution in the state." However, it was "disconnected" from industry as well as from communities and other educational institutions. The Economic Stability Task Force agreed that education should help to foster a climate conducive to business development.

This identified isolation is beginning to change with the University and community colleges becoming more involved

in statewide economic development. The task force recommended that higher education:

1. Continue economic research efforts.
2. Established positions at the University which carry specific responsibility for economic development.
3. Expand the scope and role of the Wyoming Network of Small Business Development Center.
4. Develop and implement an "entrepreneurial training" program for Wyoming.
5. Establish a "hospitality workshop" program to train all service people to become Wyoming ambassadors.
6. Monitor potential for the development of a Wyoming "Hospitality Management" curriculum.
7. Strengthen ties and understanding between the University and industry by establishing an exchange program for UW faculty and industry employees.

COMMUNICATION/TRANSPORTATION TASK FORCE

Currently, the Communication/Transportation Task Force is finishing its work and expects to issue its final report in the fall. The physical distance in Wyoming is being addressed by this task force. Although the final draft of this report has not been released, the task force has released preliminary recommendations. The Communications Section of this Task Force has recommended an inventory of all network facilities and an identification of telecommunication needs in the private sector. The goal is to develop a telecommunications infrastructure by linking all areas of the state with digital telecommunications. The network could then be utilized by the state, educational institutions and

private industry. This task force has worked closely with the Governor's Video Telecommunications Steering Committee and the University of Wyoming Telecommunications Advisory Committee. The first step of this goal was reached when the state signed a contract with Mountain Bell in August, 1987. Mountain Bell will begin by establishing a Voice/Data statewide system. The task force also recommended that fiber optic companies should be targeted to locate in Cheyenne, and that research should be done which would determine what role telecommunications plays in attracting new businesses to the state. This information could lead to further communications development.

The Transportation Section of the Communication/ Transportation Task Force also concentrated on recommendations to develop the state's infrastructure. The task force encouraged the state to consider a coordinating mechanism for all the transportation functions that are currently divided among numerous boards and agencies. Such a mechanism could provide intermodal planning which was identified by the task force as important to the transportation infrastructure of the state. As to air service, the task force noted that the goal was to maintain what we have and enhance it where possible. The task force suggested that this could be done through a series of state incentives and vigorous marketing and promotional programs.

The task force also recommended the formation of a state

Motor Carrier Advisory Committee to improve communication between the trucking industry, shippers and state government. This committee could also help to attract additional trucking business to the state as well as help existing business expand.

The task force also recommended the creation of an appropriate, well-managed waste disposal site in the state. Such a site would cut trucking expenses and illegal waste disposal.

In the area of rail transportation, the task force opposed any attempt at the federal level to re-regulate the rail industry. The task force also encouraged the delegation to review existing legislation that creates unneeded and costly financial burdens on the rail industry. The task force also recommended that the authority to set speed limits be vested in the states.

AGRICULTURE TASK FORCE

The Agriculture Task Force is currently meeting on a regular basis and plans to issue its recommendations at the end of the year.

The Agriculture Task Force is concentrating on developing a state wide agriculture policy; marketing; education, research and development; finance and resource allocation. One of the major scenarios being considered by the Agriculture Task Force is planning for an agriculture industry that would not include any federal subsidies in the year 2000. Although this task force is just beginning, it is very directed and

motivated. Contrary to public opinion, these folks don't want to depend on farm programs forever. True to the image, they are independent individualists.

ORGANIZATION OF STATE GOVERNMENT

Another concern identified by Wyoming people was the organization of state government. Many states, including Wyoming, have studied their state government. These studies have been conducted in a variety of ways: through legislative action; by Blue-Ribbon Panels; and by private consultants, to name a few. The Wyoming Futures Project is planning to analyze the various methods, including their effectiveness, efficiency, and adaptability to Wyoming. The Project will then recommend to the Governor and the legislature a specific method by which specific parts of Wyoming state government can be analyzed for effectiveness and efficiency.

HOW HAVE WE DONE--WHAT RESULT?

Any attempt to quantify work that is so fluid in nature is difficult, at best; but we are constantly reviewing and evaluating the Project to insure that it fulfills its early promise: that is, to enable Wyoming citizens to participate in Wyoming's future.

The Wyoming Futures Project has brought together over two thousand citizens to discuss, cuss, criticize, complain and create new ideas for Wyoming. Thousands of volunteer hours have been donated to the Project. I believe the process

itself has a high value, although the connections and influence generated at these meetings can't ever really be measured.

As Governor Sullivan says, the Wyoming Futures Project provides one of the few forums that attempts to work toward the best interest of the state. The Wyoming Futures Project has no agenda of its own other than building a stronger Wyoming, and it asks that participants put their personal agendas aside and be "statesmen" for Wyoming. In many cases, we believe that the Project has generated this statesmanship.

Specific recommendations that have come from the various task forces that are being implemented or are being seriously considered for implementation include:

STATE TOURISM COORDINATOR -- Governor Sullivan has endorsed this idea and a search is being held for the coordinator.

BUS DEREGULATION -- The legislature passed a bill to eliminate the multiple stops required for tour buses traveling in Wyoming. This enables tour bus travelers to spend more time and money at their destination.

SUPERHOST PROGRAM -- Implemented by the Wyoming Small Business Development Center and other sponsors, this program trains all service people to be good "hosts" to travelers. A personal experience illustrates the necessity for this kind of program. I recently attended a tourism conference in Evanston. On the way out of town, I stopped to get gas. A California couple asked the friendly attendant how to get to the new Visitor Center. The attendant, rather than directing

them through Evanston, told them to go back on the highway and get off at the Visitor Center Exit. Thus, they missed seeing Evanston, which has a charming downtown area, and an Evanston merchant probably missed selling a package of film or a lunch or a room for the night. A side benefit from this program is that Wyoming people end up knowing more about the place where they live.

TAX AND REVENUE STUDY -- This study was identified as a basic need by the Economic Stability Task Force and the Organization of State Government Study will utilize the information generated by this group.

TRANSPORTATION HUBS -- Coordination of ground and air transportation services is being implemented in Casper and it is hoped that other cities will follow suit.

REGIONAL TRANSPORTATION AUTHORITY -- The legislature authorized through this bill the study of a Department of Transportation for Wyoming and legislative hearings will be held at the end of August, 1987.

MINERAL REGULATION REVIEW TASK FORCE -- This Governor's Task Force will review mineral regulations for duplication and overlap.

INVITE SOMEONE YOU LOVE TO WYOMING -- Pacific Power & Light, in cooperation with the State Travel Commission, is sponsoring a program so that potential visitors to Wyoming will get a personal invitation from the Governor.

MINI-FUTURES PROJECT -- In addition, groups around the

state are meeting to solve problems on a local level. Examples are the Fossil Buttes Future Project, Jackson Future 22, and the Rotary Roundup which was recently held in Casper.

There are many recommendations made by the task forces that have not been implemented, and a few I am sure that never will be. The Project is an example of the old adage, "You can lead a horse to water, but you can't make him drink". Making the horse drink depends on the energy and commitment Wyoming citizens are willing to make. We have faith that Wyoming people are willing to work to build a stronger Wyoming.

WHAT REMAINS TO BE DONE

In order for Wyoming to realize full economic development, both the physical and psychical distances need to be addressed. The physical distances, although great in Wyoming, are easy. The building of a better communication/transportation infrastructure is already being addressed by the Communication/ Transportation Task Force and others and will eventually be implemented.

The psychic distances may be more difficult to cover. Wyoming, although noted for its neighborliness, is made up of rugged individualists, many of whom feel very ambivalent about growth, economic development or the use of state resources to "prime the pump". Many who want to preserve the "Wyoming way of life" don't realize that without some

cooperative planning, there may not be any "Wyoming way of life" left to preserve. We believe that the Futures Project provides the vehicle by which that planning can be accomplished.

But more cooperation and coordination on all levels must be implemented if Wyoming is to realize its full economic potential. Lack of coordination was identified by almost every task force as a common problem. No General Motors plant is going to fall from the sky and solve our economic woes. We already have much of what we need, we just need to recognize it. Wyoming is made up of entrepreneurs and these folks need to be encouraged. In fact, I believe much of the ambivalence about economic development would have been resolved earlier if the hometown folks had been given a helping hand before all the talk about "bringing in new businesses" began. I know that the Economic Development and Stabilization Board and Wyoming Small Business Development Center are making efforts in this area. Those efforts need to be encouraged and expanded. We need to nurture and build upon our resources--those people who are already here. We need to find out what they need to market their product, to hire more employees, to stay in Wyoming. This will be more easily accomplished if economic development agencies cooperate with each other and communicate with the people more. To get through these difficult times and to prepare ourselves for

the better times ahead, we need to do a most difficult thing. We need to put our self-interest aside and become statesmen for Wyoming.

Thank You.

Senator WALLOP. Thank you—and thank you all.

Let me ask Gretchen: You have heard of the strenuous capital needs of some highly potential new Wyoming business citizens.

It strikes me, when you were talking of risks, and if they are sitting back there listening to your testimony, they basically say, "there's nothing in the banking world, for me."

And I am not asking you to go out on limbs and take risks with customers' money, and everything else; but are there not two risks that must be weighed.

One is the risk of established businesses, and in which markets you have already some familiarity and understanding. These are, each of them, new.

Bedsheets is not the ordinary thing, in Wyoming. Computer systems. It is sort of startling for us to know we have those. And the parts center, for Sears exercise equipment. Those are all sort of new concepts here.

Where do they go? What can Wyoming do? What can the banking industry do in conjunction with other entities in Wyoming? What can be set up, so that risk capital is available?

Because it seems to me, that there is a bigger risk—and that is: That nobody is in town some day. You know, the jobs have picked up, and they have gone to California or somewhere else. And that is the risk to banking, too.

So what is in it for them, and what combination of things can take place, to be a little more venturesome in Wyoming?

Mr. KULOW. I think we started with Proposition Four, okay, with the venture capital, making it available.

I'm hearing that it's taking a little bit more time than anyone would expect, to get that into the main stream. Once the venture capital is there, then I feel the bank is willing to risk part of their capital.

But I talked about being a partner: We don't wind up being the owner. And if there is inadequate capital by the entrepreneur, in many cases we wind up being the owner. And we're going to get into that——

Senator WALLOP. I understand that. But what we are trying to do now is—look, the statement is, that Wyoming is a capital-short State.

Mr. KULOW. Right.

Senator WALLOP. If that is the case, and if we sentence ourself to that, are we not sentencing ourself to a virtual no-growth future? I mean, again, you have got the amendment four money. Are there other things we can do in combination with things?

Because I realize that banking, and for the most part, in Wyoming, is a small business, too; but still, I do not want us to wake up and find nobody is home.

And you hear these people with great ideas, with great potential for employment in Wyoming, which is great economic stability, on the threshold of going to Utah, Hong Kong, California, or someplace else. That is Wyoming's loss.

You know, it seems to me that we are going to have to find some means of, the State takes a risk, the financial community takes a risk, entrepreneurs take a risk. But if we all say, "well, it's your

risk first," somebody will say, "swell. I've found somebody who will take that with me, but they happen to live in Nebraska."

You know, I mean, that is what gathers us here. And please understand, I am not criticizing the banking world. I am not here to criticize anybody. I am really trying to learn, what does Wyoming do to keep these people here, who have so much promise for our State.

Mr. KULOW. I think there are some entrepreneurs out there, that maybe have to look at some people that have some money within the State, and ask them to make that investment.

I'm talking about investors—subwealth. That probably, with Proposition Four, may give them the capital to let us take a look at it.

We take a look—I think the banking industry takes a look—at a lot of stuff, and, unfortunately, we take 1 out of 10. We may have heard 9 of them. We did here on the end, number 10, the transportation. Unfortunately, that's the nature of the business.

And as I said, I think Proposition Four is an excellent story. We work closely with the SBA, it's an excellent program, and they give us less potential toward risk, and it's worth it.

Senator WALLOP. But is there anything more that Senators can do, to do with SBA, to make them a more creative partner in this?

Mr. KULOW. No, I think it's really up to us. Paperwork, and all that, you can go through the paperwork syndrome, but if you want to make a loan, you can sit down and talk with them, and you want to share the risk, the potential is it's going to get done.

Senator WALLOP. Well, thank you all, very much. I appreciate your participating in this. We are still remarkably close to on time, which amazes me. [Applause.]

The next panel is Art Ellis from Cheyenne, Marge Wilder from the Cody Chamber of Commerce, and Bryant Nelson from the Leads program in Cheyenne.

Good morning to all of you, and thank you for being here, or thank you for being willing to provide us a quick substitute.

Mr. ELLIS. You're welcome.

Senator WALLOP. Please proceed.

STATEMENT OF ART ELLIS, WYOMING CHAMBER OF COMMERCE EXECUTIVES

Mr. ELLIS. I appreciate very much the opportunity to be here today, Senator.

I personally and professionally believe that the community colleges of this State can contribute to the improvement of our economic condition, and in long term, I think they can also contribute to the diversification of our economy.

We've already heard at least once this morning, the small business sector is the backbone of our economy. I have read where as much as 80 percent of all jobs in the last decade have come from the small business sector in this country—not from the Fortune 500 companies.

Looking at a concept called the small business incubator concept: That's been around for some time, but little-utilized in this coun-

try. In 1985, there were 100 incubators identified in the United States of America.

It is predicted by January of this year, there will be 200. It is predicted by 1990, there will be 1,000.

Amazingly enough, these are located in the east and the west coast. We've already heard about Pennsylvania. I was in Pennsylvania earlier this year. The State of Pennsylvania has 31 small business incubators.

The State of Washington has 22, either in operation or on the drawing board. They're almost non-existent from Montana to Texas, and there's probably a reason for that.

Let me back up now, a little bit, and explain. The small business incubator, to be a little cute, I suppose, has as its purpose, the hatching of new businesses. It's meant to capitalize the kinds of ideas you've heard here today.

I'm not sure in the State of Wyoming we have the kind of spinoff activities that large industries provide to make incubators extremely successful. Obviously, we don't have the population, the market to take advantage of some of the things that might be done in the small business incubator.

However, I do not believe that that is a reason not to establish small business incubators in this State. We do not have one. Montana has one, and two on the drawing board. Colorado had one 2 years ago, and three today. Other than that, I don't know of any in this tier of States. They probably exist, however.

Second, a small business incubator serves many purposes. Some have been used to renew downtown areas, some are in the private sector, and some are public non-profit, as I will tell you about today.

There are three essential elements of a small business incubator:

First of all, they have to provide reasonable rent and flexible leases.

Two, you share the services, whether it's secretarial service, the use of computers, copiers, whatever that service may be, you pay for it on a pro rata basis. You hire that service for the time you need it, and you don't have that large front-end investment.

Third, and maybe most importantly, you have the business management assistance on-site, and available at all times; and some of that already exists in the Wyoming Community Colleges, through the SPDC's—and I think you'll hear about those later.

Specifically, I'm here to tell you about a planning proposal that I've been working on, with the city/county planner for Laramie County, to establish a small business incubator on the Laramie County Community College campuses. It's been a highly cooperative venture—and sometimes, I think an adventure.

We got matching funds from the city, county, Laramie County Community College, and WIDC. And again, I would repeat, it's been a very cooperative situation.

And on the 19th of August, we will be going to the board of trustees at Laramie County Community College seeking approval for this plan, and hoping that we can establish the small business incubator.

The community college in Cheyenne is willing to set aside about 11,000 square feet of its campus, to serve as a small business incubator.

They are willing, providing they accept the plan as it's written, to underwrite or to continue to underwrite the costs of maintenance of the facility, the janitorial costs, and the utilities at the level they're presently paying.

I'd like to compliment that college, partly because I work for them, but I think that's quite a contribution in the name of economic development.

In addition to that, we're looking at an operational grant from the city and the County, 3 percent of their 1 percent they set aside for operational funds, to help us in our operations. And that's a problem. Some incubators, Senator, are self-supporting, in some areas. As a rule of thumb, you have to have 15,000 square feet of leaseable space.

Again, I doubt that we could fill 15,000 square feet in Cheyenne, Casper, Sheridan, or here, for that matter.

So I guess my major plea today is: I think we need to nurture the SBI concept, just as the SBI tries to nurture those people who come into it. The E-Z Makes, are the kinds of things that can be assisted through small business incubators.

But I think without some nurturing and assistance from the State, the concept will not get off the ground.

Thank you.

Senator WALLOP. Thank you, very much.

[The prepared statement of Mr. Ellis follows:]

Laramie County Community College

Assistant to the President
Director of LCCC Foundation

August 17, 1987

Honorable Malcolm Wallop
United States Senate
Washington, DC 20510

Dear Senator Wallop:

The opportunity to testify in Worland last Friday on behalf of the establishment of small business incubators as a means of improving our Wyoming economy is appreciated.

Along with a draft copy of the proposed Laramie County Community College Small Business Incubator Plan, I have included a copy of Economic Indicators for Greater Cheyenne--another contribution of LCCC to its community on behalf of economic development. The project is funded by the Industrial Citing Administration for the State of Wyoming using Department of Defense funds.

Sincerely,

Arthur H. Ellis

jh
Enc.

(Additional material retained in Committee files.)

Senator WALLOP. Marge.

STATEMENT OF MARGE WILDER, PAST PRESIDENT AND MEMBER, CODY CHAMBER OF COMMERCE EXECUTIVE COMMITTEE

Ms. WILDER. Good morning, Senator Wallop. On behalf of the Cody Country Chamber of Commerce, I'd like to thank you for the opportunity of appearing at this hearing today.

My name is Marge Wilder, and I am the immediate past-president and member of the Cody Country Chamber of Commerce Executive Committee.

The Cody chamber first began in 1900, and was originally known as the Cody Club, which was a local sportsmen's club. The Cody Club was made up of original founders and business leaders of Cody.

As the road between Cody and Yellowstone National Park became a reality, the Cody Club became the business organization promoting Cody to the outside world, and at one time in our history, members of the Cody Club marked the route from Chicago, IL, to Yellowstone Park with yellow stones that they had painted and placed along the way.

Since those early days, the Cody Club has continuously represented the Cody business community. Today, the Cody Club is known as the Cody Country Chamber of Commerce.

One of the traditions that the Cody Country Chamber of Commerce carried forward from the Cody Club is a weekly noon luncheon held every Monday at the cody club room.

The purpose of the luncheon is to bring issues of interest to the members of the chamber, and the weekly luncheons provide an excellent opportunity for business people to exchange ideas while keeping abreast of important community matters.

The Cody Chamber of Commerce focuses on many areas that affect the business climate in Cody; however, today I'll make my remarks primarily with respect to three separate programs of the Cody Chamber: They include the Cody Tourism Program, the Cody Main Street Program, and the Cody Economic Development Council.

While all three are independent organizations with volunteer committees to assist in their operations, they all work together and complement each other as a part of the Cody Chamber of Commerce.

Since the road between Cody and Yellowstone National Park has opened, Cody has been the eastern gateway to the park.

The Cody Chamber, 13 years ago, with the assistance of the Wyoming Travel Commission, conducted a survey of the tourism potential for Cody.

With the completion of the survey, Cody initiated a year-to-year marketing plan with the primary goal of increasing the general public's awareness of Cody and the many attractions it has to offer.

Since the beginning of the tourism marketing plan 3 years ago, Cody has seen a 300-percent increase in requests for travel information for our area.

The Cody Chamber also took an active part in the passage of the optional lodging tax in Park County. The collections from the lodging tax will also assist with next year's Tourism Marketing Program.

The Cody Chamber's tourism marketing plan is a very modest program compared to other tourism areas in our area. From the results of in-person surveys of visitors to Cody, the Cody Chamber has determined that travelers like Cody, once they arrive here; but since they had no prior information about Cody when planning their vacation, they had not made plans to spend any time.

Therefore, the Cody tourism marketing plan includes a public relations program which brings writers from major nationwide tour and travel publications to Cody to see and experience first-hand what Cody has to offer, so that they can write travel articles about the Cody area.

Cody was one of five Wyoming Cities selected to participate in the Wyoming Main Street Program. The Cody Chamber was instrumental in the legislation passed by the State of Wyoming, that made Wyoming a participant in the National Main Street Program.

The purpose of the Cody Main Street Program is to enhance and extend the business opportunities in the downtown area. Nationwide, business on main streets and downtown districts are on a decline. The Main Street Program offers a self-help opportunity for communities to make an economic recovery.

A Community Economic Development Program can only begin if a community has vital and active Main Street businesses. The pulse of any community is the downtown; not the strip centers or enclosed shopping malls.

The downtown area provides the first impression for both tourists and for those considering relocating or starting a new business.

By successfully negotiating with the Wyoming Highway Department, and through numerous contributions from local organizations and individuals, the Cody Main Street project was successful in completing the reconstruction and street-scape of Cody's main street, Sheridan Avenue.

With the Cody Main Street project's influence, the reconstruction was not done as it had been traditionally done on other Wyoming main streets. The focus of the reconstruction was to provide a pleasing appearance for pedestrian and tourist traffic; and according to the numerous favorable comments we have been getting from travelers and from the letters to the editor that have appeared in the local newspaper, that project was a tremendous success.

Both the Wyoming Main Street project and the Cody Main Street project are vitally important to the on-going success of the many Wyoming family-operated businesses.

The Cody Main Street project has done an excellent job of enhancing and maintaining business in the downtown Cody area during the past 2 years, as proven by a reduction in downtown business vacancies, an increase in employment within the central business district, and many attractive store-front renovations.

The Cody Chamber, the Park County commissioners, and the city of Cody cooperatively organized the Cody Economic Development

Council several years ago. The council's main purpose is to assist, when possible, with the economic growth and stability of the Cody area.

As a result of the Cody Economic Development Council's efforts, United Express, formerly Aspen Airways, now provides Cody with a much-needed daily air service for both tourism and business alike.

The CEDC also aggressively lobbied the Foundation for North American Wild Sheep Board of Directors to locate the foundation's permanent headquarters in Cody, which currently employs four to five Cody residents.

In summary, tourism brings millions of visitors annually to Cody. In addition to the traditional tourism economic benefits, many of these visitors decide that they would like to relocate their families and businesses in Cody.

The Cody Main Street project's involvement with the downtown streetscape, along with the vacancy-free downtown business district, has a definite positive impact on the visitor's decision to relocate in Cody.

The CEDC works very hard to see to it that the basic needs of the community—for example, transportation—are met.

The reasons for the success of these organizations are the people who make up these organizations. Everyone involved with these organizations is working hard toward one goal: To make Cody a better place in which to live and work.

This is extremely important, in these difficult economic times—especially when you have a small population base to work from—you cannot afford to support duplicate organizations.

The Cody Country Chamber of Commerce will continue, like its predecessor the Cody Club, to provide assistance to its members, and to capitalize on those opportunities which will be of benefit to the Cody community.

The State and Federal leadership can assist us in these most important endeavors by providing a can-do attitude along with a positive business climate.

The Cody Chamber is in total agreement with the philosophy that Wyoming is going to have to help itself, and that there is no easy way out or a Federal bail-out available.

Wyoming must take advantage of its greatest asset: the Wyoming people; and continue to cooperate with one another in an effort to continue to make Wyoming the best place to live in the United States.

Thank you for the opportunity to testify here today. And if the Cody Chamber can be of any assistance to the Small Business Committee, please don't hesitate to call on us.

The Cody Chamber will submit a longer version of this oral testimony for your record—and thank you, very much.

Senator WALLOP. Marge, thank you.

[The prepared statement of Ms. Wilder follows:]

TESTIMONY
FOR
SENATOR MALCOM WALLOP'S
SENATE SMALL BUSINESS HEARING
AUGUST 14, 1987

GOOD MORNING SENATOR WALLOP. ON BEHALF OF THE CODY COUNTRY CHAMBER OF COMMERCE, I WOULD LIKE TO THANK YOU FOR THE OPPORTUNITY TO APPEAR AT THIS HEARING TODAY. MY NAME IS MARGE WILDER AND I AM THE IMMEDIATE PAST-PRESIDENT AND MEMBER OF THE CODY COUNTRY CHAMBER OF COMMERCE'S EXECUTIVE COMMITTEE.

THE CODY CHAMBER FIRST BEGAN IN 1900 AND WAS ORIGINALLY KNOWN AS THE "CODY CLUB", WHICH WAS A LOCAL SPORTING CLUB. THE CODY CLUB WAS MADE UP OF THE ORIGINAL FOUNDERS AND BUSINESS LEADERS OF CODY. AS THE ROAD BETWEEN CODY AND YELLOWSTONE NATIONAL PARK BECAME A REALITY, THE CODY CLUB BECAME THE BUSINESS ORGANIZATION PROMOTING CODY TO THE OUTSIDE WORLD. THE CODY CLUB MARKED THE ROUTE FROM CHICAGO, ILLINOIS TO YELLOWSTONE WITH YELLOW STONES. SINCE THOSE EARLY DAYS, THE CODY CLUB HAS CONTINUOUSLY REPRESENTED THE CODY BUSINESS COMMUNITY. TODAY, THE CODY CLUB IS KNOWN AS THE CODY COUNTRY CHAMBER OF COMMERCE.

ONE OF THE TRADITIONS THAT THE CODY COUNTRY CHAMBER OF COMMERCE CARRIED FORWARD FROM THE CODY CLUB IS THE WEEKLY NOON LUNCHEON HELD EVERY MONDAY AT THE CODY CLUB ROOM. THE PURPOSE OF THE LUNCHEON IS TO BRING ISSUES OF INTEREST TO THE MEMBERS OF THE CHAMBER. THE WEEKLY LUNCHEON PROVIDES AN EXCELLENT OPPORTUNITY FOR BUSINESS PEOPLE TO EXCHANGE IDEAS WHILE KEEPING ABREAST OF IMPORTANT COMMUNITY MATTERS.

THE CODY CHAMBER OF COMMERCE FOCUSES ON MANY AREAS THAT EFFECT THE BUSINESS CLIMATE IN CODY. HOWEVER, TODAY I WILL MAKE MY REMARKS PRIMARILY WITH RESPECT TO THREE (3) SEPARATE PROGRAMS OF THE CODY CHAMBER. THEY INCLUDE THE CODY TOURISM PROGRAM; THE CODY MAIN STREET PROGRAM; AND THE CODY ECONOMIC DEVELOPMENT COUNCIL. WHILE ALL THREE ARE INDEPENDENT ORGANIZATIONS WITH VOLUNTEER COMMITTEES TO ASSIST IN THEIR OPERATIONS, THEY ALL WORK TOGETHER AND COMPLIMENT EACH OTHER AS A PART OF THE CODY CHAMBER OF COMMERCE.

SINCE THE ROAD BETWEEN CODY AND YELLOWSTONE NATIONAL PARK WAS OPENED, CODY HAS BEEN THE EASTERN GATEWAY TO THE PARK. THREE YEARS AGO, THE CODY CHAMBER, WITH THE ASSISTANCE OF THE WYOMING TRAVEL COMMISSION, CONDUCTED A SURVEY OF THE TOURISM POTENTIAL FOR CODY. WITH THE COMPLETION OF THE SURVEY, CODY INITIATED A YEAR-TO-YEAR MARKETING PLAN WITH THE PRIMARY GOAL OF INCREASING THE GENERAL PUBLIC'S AWARENESS OF CODY AND THE MANY ATTRACTIONS IT HAS TO OFFER. SINCE THE BEGINNING OF THE TOURISM MARKETING PLAN THREE YEARS AGO, CODY HAS SEEN A 300% INCREASE IN REQUESTS FOR TRAVEL INFORMATION FOR THIS AREA. THE CODY CHAMBER ALSO TOOK AN ACTIVE PART IN THE PASSAGE OF THE OPTIONAL LODGING TAX IN PARK COUNTY. THE COLLECTIONS FROM THE LODGING TAX WILL ALSO ASSIST WITH NEXT YEAR'S TOURISM MARKETING PROGRAM. THE CODY CHAMBER'S TOURISM MARKETING PLAN IS A VERY MODEST PROGRAM COMPARED TO OTHER TOURISM AREAS IN THE AREA.

FROM THE RESULTS OF IN-PERSON SURVEYS OF VISITORS TO CODY, THE CODY CHAMBER HAS DETERMINED THAT TRAVELERS LIKE CODY ONCE THEY ARRIVE HERE, BUT, SINCE THEY HAD NO PRIOR INFORMATION ABOUT CODY WHEN PLANNING THEIR VACATION, THEY HAD NOT MADE PLANS TO SPEND ANY TIME HERE. THEREFORE, THE CODY TOURISM MARKETING PLAN INCLUDES A PUBLIC RELATION PROGRAM THAT BRINGS WRITERS FROM MAJOR NATION-WIDE TRAVEL PUBLICATIONS TO CODY TO SEE AND EXPERIENCE FIRST-HAND WHAT CODY HAS TO OFFER SO THAT THEY CAN WRITE TRAVEL ARTICLES ABOUT THE CODY AREA.

CODY, WAS ONE OF FIVE WYOMING CITIES SELECTED TO PARTICIPATE IN THE WYOMING MAIN STREET PROGRAM. THE CODY CHAMBER WAS INSTRUMENTAL IN THE LEGISLATION PASSED BY THE STATE OF WYOMING THAT MADE WYOMING A PARTICIPANT IN THE NATIONAL MAIN STREET PROGRAM. THE PURPOSE OF THE CODY MAIN STREET PROGRAM IS TO ENHANCE AND EXPAND BUSINESS OPPORTUNITIES IN THE DOWNTOWN AREA. NATIONWIDE, BUSINESS ON MAIN STREETS AND DOWNTOWN DISTRICTS ARE ON A DECLINE. THE MAIN STREET PROGRAM OFFERS A SELF-HELP OPPORTUNITY FOR COMMUNITIES TO MAKE AN ECONOMIC RECOVERY. A COMMUNITY ECONOMIC DEVELOPMENT PROGRAM CAN ONLY BEGIN IF THE COMMUNITY HAS VITAL AND ACTIVE MAIN STREET BUSINESSES. THE PULSE OF ANY COMMUNITY IS THE "DOWNTOWN", NOT THE STRIP CENTERS OR ENCLOSED SHOPPING MALLS. THE DOWNTOWN AREA PROVIDES THE FIRST IMPRESSION FOR BOTH TOURISTS AND FOR THOSE CONSIDERING RELOCATING OR STARTING A NEW BUSINESS. BY SUCCESSFULLY NEGOTIATING WITH THE WYOMING HIGHWAY DEPARTMENT AND THROUGH NUMEROUS CONTRIBUTIONS FROM LOCAL ORGANIZATIONS, THE CODY MAIN STREET PROJECT WAS SUCCESSFUL IN COMPLETING THE RECONSTRUCTION AND STREETSCAPE OF CODY'S MAIN STREET, SHERIDAN AVENUE. WITH THE CODY MAIN STREET PROJECT'S INFLUENCE, THE RECONSTRUCTION WAS NOT DONE AS IT HAS TRADITIONALLY BEEN DONE ON OTHER WYOMING MAIN STREETS. THE FOCUS OF THE RECONSTRUCTION WAS ON PROVIDING A PLEASING APPEARANCE FOR PEDESTRIAN AND TOURIST TRAFFIC. ACCORDING TO THE NUMEROUS FAVORABLE COMMENTS FROM TRAVELERS AND FROM THE LETTERS TO THE EDITOR THAT HAVE APPEARED IN THE LOCAL NEWSPAPER, THE PROJECT WAS A TREMENDOUS SUCCESS.

BOTH THE WYOMING MAIN STREET PROJECT AND THE CODY MAIN STREET PROJECT IS VITALLY IMPORTANT TO THE ON-GOING SUCCESS OF THE MANY WYOMING FAMILY-OPERATED BUSINESSES. THE CODY MAIN STREET PROJECT HAS DONE AN EXCELLENT JOB OF ENHANCING AND MAINTAINING BUSINESSES IN THE DOWNTOWN CODY AREA DURING THE PAST TWO YEARS AS PROVEN BY A REDUCTION IN DOWNTOWN BUSINESS VACANCIES, AN INCREASE IN EMPLOYMENT WITHIN THE CENTRAL BUSINESS DISTRICT AND MANY ATTRACTIVE STOREFRONT RENOVATIONS.

THE CODY CHAMBER, THE PARK COUNTY COMMISSIONERS AND THE CITY OF CODY CO-OPERATIVELY ORGANIZED THE CODY ECONOMIC DEVELOPMENT COUNCIL SEVERAL YEARS AGO. THE COUNCIL'S MAIN PURPOSE IS TO ASSIST, WHEN POSSIBLE, WITH THE ECONOMIC GROWTH AND STABILITY OF THE CODY AREA. AS A RESULT OF THE CODY ECONOMIC DEVELPOMENT COUNCIL'S EFFORTS, UNITED EXPRESS (FORMERLY ASPEN AIRWAYS), NOW PROVIDES CODY THE MUCH-NEEDED DAILY AIR SERVICE FOR BOTH TOURISM AND BUSINESS ALIKE.

THE CEDC ALSO AGRESSIVELY LOBBIED THE FOUNDATION FOR NORTH AMERICAN WILD SHEEP'S BOARD OF DIRECTORS TO LOCATE THE FOUNDATION'S PERMANENT HEADQUARTERS IN CODY WHICH CURRENTLY EMPLOYEES 4-5 CODY RESIDENTS.

IN SUMMARY, TOURISM BRINGS MILLIONS OF VISITORS TO CODY ANNUALLY. IN ADDITION TO THE TRADITIONAL TOURISM ECONOMIC BENEFITS, MANY OF THESE VISITORS DECIDE THAT THEY WOULD LIKE TO RELOCATE THEIR FAMILIES AND BUSINESSES IN CODY. THE CODY MAIN STREET PROJECT'S INVOLVEMENT WITH THE NEW DOWNTOWN STREETSCAPE ALONG WITH THE VACANCY-FREE DOWNTOWN BUSINESS DISTRICT HAS A DEFINITE POSITIVE IMPACT ON A VISITOR'S DECISION TO RELOCATE TO CODY. THE CEDC WORKS VERY HARD TO SEE TO IT THAT THE BASIC NEEDS OF THE COMMUNITY (FOR EXAMPLE, TRANSPORTATION)) ARE MET. THE KEY TO SUCCESS FOR THESE ORGANIZATIONS ARE THE PEOPLE THAT MAKE UP THESE ORGANIZATIONS. EVERYONE INVOLVED WITH THESE ORGANIZATIONS ARE WORKING TOGETHER TOWARD ONE GOAL -- TO MAKE CODY A BETTER PLACE IN WHICH TO LIVE AND WORK. THIS IS EXTREMELY IMPORTANT IN THESE DIFFICULT ECONOMIC TIMES ESPECIALLY WHEN YOU HAVE A SMALL POPULATION BASE IN WHICH TO WORK FROM. YOU CAN NOT AFFORD TO SUPPORT DUPLICATE ORGANIZATIONS.

THE CODY COUNTRY CHAMBER OF COMMERCE WILL CONTINUE, LIKE ITS PREDECESSOR THE "CODY CLUB" TO PROVIDE ASSISTANCE TO ITS MEMBERS AND TO CAPITALIZE ON THOSE OPPORTUNITIES WHICH WILL BE A BENEFIT TO THE CODY COMMUNITY. THE STATE AND FEDERAL LEADERSHIP CAN ASSIST US IN THESE MOST IMPORTANT ENDEAVORS BY PROVIDING A "CAN DO" ATTITUDE ALONG WITH A POSITIVE BUSINESS CLIMATE. THE CODY CHAMBER IS IN TOTAL AGREEMENT WITH THE PHILOSOPHY THAT WYOMING IS GOING TO HAVE TO "HELP ITSELF" AND THAT THERE IS NO EASY WAY OUT OR A FEDERAL BAIL OUT AVAILABLE. WYOMING MUST TAKE ADVANTAGE OF ITS GREATEST ASSET -- THE WYOMING PEOPLE -- AND CONTINUE TO COOPERATE WITH ONE ANOTHER IN AN EFFORT TO CONTINUE TO MAKE WYOMING THE BEST PLACE TO LIVE IN THE UNITED STATES.

THANK YOU FOR THE OPPORTUNITY TO TESTIFY HERE TODAY. IF THE CODY CHAMBER CAN BE OF ANY ASSISTANCE TO THE SMALL BUSINESS COMMITTEE, PLEASE DON'T HESITATE TO CALL UPON US. THE CODY CHAMBER WILL SUBMIT A LONGER VERSION OF THIS ORAL TESTIMONY FOR THE RECORD.

THANK YOU

Senator WALLOP. Bryant Nelson.

STATEMENT OF BRYANT NELSON, PRESIDENT, CHEYENNE LEADS, CHEYENNE, WY

Mr. NELSON. Thank you, Senator.

We all recognize the need for enhancing our economy throughout the State of Wyoming. This is certainly not an easy task. My report will cover the highlights of what Laramie County is doing from an economic development standpoint.

I'm happy to report that Laramie County and the city of Cheyenne are doing a great deal to enhance small business development through the efforts, cooperation and close coordination of various organizations. I'd like to list those: The Cheyenne Chamber of Commerce, the Main Street Association, the Downtown Development Authority, Laramie County Community College, Cheyenne and Laramie County planning boards, the State economic development and stabilization boards, the Small Business Administration, and the newly-organized Cheyenne Leads for Economic Development.

These are all independent organizations working together for the common goal of enhancing the economic conditions of Laramie County and the city of Cheyenne. Our support of economic development is our support for small business development and retention.

The businesses and people of Cheyenne and Laramie County have shown their support by funding the organization which I represent: Cheyenne Leads.

Incorporated on September 9, 1986, we are a non-profit organization managed by paid professionals and accountable to the dues-paying members. The members pay dues in proportion to their size, based upon the number of persons they employ; and they have donated or pledged over $700,000 since its inception. I think this is fantastic.

Cheyenne Leads has the following objectives—I should also say that these will apply to our other economic development organizations within the county and State:

1. To attract new businesses and employers to Cheyenne and Laramie County;

2. to provide for the retention and expansion of existing businesses and employers;

3. to make resources available for the formation of new businesses and employers;

4. to facilitate coordination and communications among economic development organizations, both public and private;

5. to build community support for economic development, and to encourage an awareness of the interrelationship between economic growth and the quality of life in Cheyenne and Laramie County; and

6. to sustain its efforts through funding which is both substantial and predictable.

These objectives are being met, and close coordination is being maintained. The total effort of all these organizations is commendable and gaining momentum.

Small businesses have numerous factors which contribute to their success and failure. One of our objectives at Cheyenne Leads

is to help compensate for the failure factors. We have helped several existing businesses and start-up businesses develop sound business plans which have been beneficial.

Laramie County Community College provides knowledgeable personnel and hands-on help for the development of these plans, and, when completed, they meet all of the financial institutions' requirements for State funding. We also help them meet all of the Economic Development and Stabilization Board requirements.

I can't say enough about our Community College and the help that they are giving us in economic development.

And even though we have just started, we have guided several Applicants in the process of obtaining block grant funding, and helped others prepare applications for State Amendment Four financing. We have assisted the county in assessing feasibility study grants for several proper prospective businesses, we have helped existing businesses to expand, and we have helped others to relocate to our area.

So, Senator, I am impressed and I am happy with all of the quality efforts and results occurring in Laramie County in support of the small businesses, and from an economic development stand point.

Thank you.

[The prepared statement of Mr. Nelson follows:]

CHEYENNE LEADS

500 New Boyd Building
Cheyenne, Wyoming 82001

Telephone (307) 638-6000

A. Bryant Nelson
President

Aug. 12, 1987

Honorable Malcolm Wallop
U.S. Senator
2009 J.C. O'Mahoney Federal Center
Cheyenne, Wyoming 82001

Re: Testimony for Small Business
Hearing - Aug. 14, 1987

Senator Wallop,

I am happy to report that Laramie County and the City of Cheyenne are doing a great deal to enhance small business development through the efforts, cooperation, and close coordination of: the Cheyenne Chamber of Commerce, Main Street Association, Downtown Development Association, Laramie County Community College, Cheyenne and Laramie County Planning Boards, the State Economic Development and Stabilization Boards and the newly organized Cheyenne Leads.

These are all independent organizations working together for the common goal of enhancing the economic condition of Laramie County and the City of Cheyenne. Our support of economic development is our support for small business development and retention.

The businesses and people of Cheyenne and Laramie County have shown their support by funding the organization which I represent, Cheyenne Leads (Laramie County Economic Association for Development Strategies), incorporated on September 9, 1986.

We are a not-for-profit organization managed by paid professionals, and accountable to the dues-paying members. The members pay dues in proportion to their size, based on the number of persons they employ, and they have donated or pledged over $700,000 since its inception.

Cheyenne Leads has the following objectives:

1. To attract new businesses and employers to Cheyenne and Laramie County.

2. To provide for the retention and expansion of existing businesses and employers in Cheyenne and Laramie County.

3. To make resources available for the formation of new businesses and employers in Cheyenne and Laramie County.

4. To facilitate coordination and communication among economic development organizations, both public and private, within Cheyenne and Laramie County.

5. To build community support for economic development, and to encourage an awareness of the interrelationship between economic growth and the quality of life in Cheyenne and Laramie County.

6. To sustain its efforts through funding which is both substantial and predictable.

7. To coordinate and pull together all economic development efforts in Laramie County and the City of Cheyenne.

These objectives are being met and close coordination is being maintained.

Small businesses have numerous factors which contribute to their success and failure. Our objective is to help compensate for the failure factors. We have helped 13 existing or start-up businesses develop a 5-year business plan. Laramie County Community College provides knowledgeable personnel and hands-on help for the development of these plans. When completed, they meet all of the financial institution's requirements, plus meet the Economic Development and Stabilization's requirements for State funding.

We have guided numerous applicants through the process of obtaining block grant funding and helped others prepare applications for State Amendment 4 financing.

We also assist the County in assessing feasibility study grants for prospective businesses.

We have helped existing businesses to expand and have helped others to relocate in our area.

Respectfully submitted,

A. Bryant Nelson
President

ABN:mw

Senator WALLOP. Bryant, thank you—and thank you, to the panel.

Let me pose a question, here. You have talked about making available information and giving support to getting small businesses to come to Wyoming, and you have talked about giving support to existing businesses.

Is this in reaction, for example, to the serious loss of business that took place, when we could not find any capitalization in the State? I think it was the kitchen equipment business that moved to South Dakota, or something.

I mean, what can the State do, what can the community development, chambers of commerce, community colleges do, when we have something that is existing, here, that is strong, here?

We know the competition for businesses to locate is strong. What can we do to react quickly enough to avoid those kinds of hemorrhages—to sustain what we have, while we are trying to encourage new talent?

Mr. NELSON. All right. We can do something—and I think the first thing we have to do is be notified, so that we can be involved, so we have to be in tune with what's going on.

We have the resources. I think the block grants, the Amendment Four monies, the support of the community college, all the talent you have in the chamber of commerce, if it's pulled together, we can do many things, and let's take, for example, the city of Pueblo, CO.

My statistics might not be completely correct, but they lost something like 12,000 jobs, over an 8- or 10-year period, and I think to date they have gotten back something like over 8,000 of those jobs—and they're doing it through their economic development organization and with close coordination and support from the people who are working in economic development.

Senator WALLOP. Marge, I mean, Cody had a big hitch, with the take-over of Husky—the close-down of the refinery, and one thing and another.

Ms. WILDER. Yes, indeed.

Senator WALLOP. Clearly, nobody affects business decisions of that magnitude——

Ms. WILDER. No.

Senator WALLOP [continuing]. But, have you experienced, over there, the tug against established businesses, and trying to get them to go, as Jackson has, for example, got Lifelink to move to Billings?

Ms. WILDER. We haven't suffered any additional losses. I think, and as you mentioned, I think there's been a greater cooperation between chambers of commerce, between the economic development councils. I think there's been a few years of kind of struggling to find each area's place, and how to work together; but I think things will perhaps work along faster now, than they have in the past because of that knowledge.

Senator WALLOP. Well, you know, it is a sad thing to sit and watch what happens in this State. There are lots of very talented people, who begin their careers here, and then end somewhere else.

And in the meantime, while we are trying to attract people in—and I believe that we should—clearly, it is as important to stop the hemorrhage out.

Perhaps a small business incubator system, would be one of the means by which local community colleges or local community institutions might be able to help. It may be, that we in Wyoming have to establish a whole new kind of a concept of a small business incubator, so that we, that if we do not have the kind of population concentration in one area, then perhaps concentrating all our efforts through a coordinated effort might make it possible to do all of these things.

Do you envision something like that?

Mr. ELLIS. Are we allowed to dream, here, a little this morning?

Senator WALLOP. Oh, yes, of course. We are trying to get over a nightmare, so we had better start dreaming. That is our purpose.

Mr. ELLIS. Two comments. First of all, I visited incubator sites in Seattle, WA, and Washington State. I was in Seattle when the employment rate was less than 4 percent. I went there with the idea that an incubator was a Band Aid. Seattle says it's not.

People I've talked to in Pennsylvania say it's not. It's just an ordinary part of what every community that can put one together ought to have for small business.

And an incubator, you're not going to open the door, and people are going to flock in there, and take out leases, and come up with new businesses, and survive because of the environment you create for them. Along with this, you're going to have to have programs that encourage and assist the growth of entrepreneurs.

It's not a one-way street. If we establish an incubator, we take on a tremendous responsibility to offer workshops, and do the kinds of things that encourages people to come forward with the ideas, to come out of their garages, with the conditional use permits.

The guy making condensers in his double-car garage in Cheyenne tells me, "I'm in a bad spot. I can continue like I am, forever, unless something changes—the technology changes; but if I had the kind of environment you're talking about, and the kind of facilities, I would consider expanding. I would hire more people. I would look for more markets."

So I think it is one answer. But I think in Wyoming, with the conditions we have, we're going to have to nurture small business incubators, just as they have to nurture small business people coming in and growing.

I would hope that the plan we can put together in Laramie County can serve as somewhat of a model for other areas. You're just going to have to have everyone cooperating, to make one go.

And it is not a community college effort; it is a community effort located on that campus.

Senator WALLOP. Right. I appreciate that. And on the other hand, there has to be somebody around who has found out that they exist. I mean, that is the important thing.

Mr. ELLIS. The dreaming part, I wasn't dreaming, there. That's reality. If incubators grow as they're predicted to grow, I think that the kind of thing that Bryant does, and one of the things that they do when they call up, they're going to call up from Texas and say, "we're thinking about establishing a market in Cheyenne. We want to know more about it, and do you have an incubator?"

I really think some of that's going to happen. I think that's one thing that a small company that's going to expand is going to ask,

"do you have a shelter, a market"; judge the market, and look at the situation, and enjoy the same kind of quasi-government/private cooperation that will help us get started.

Senator WALLOP. What happens? Do they sort of graduate from the incubator to the brooder house?

Mr. ELLIS. Yes. Part of our over-all plan is that we have a list of facilities available in Cheyenne, as to type, and cost, and when those people are ready to graduate from the incubator, whether it's 3 years and sometimes as much as 5, those people will then be assisted and located in the community.

Nationally, 80 percent of all of the businesses who graduate from the incubator locate within, I've forgotten how many miles, within the incubator. Some of them even become out-patients of the incubator, and continue to work in it.

Senator WALLOP. OK. Well, let me just again thank you, for your contribution to this hearing. Again, I am sort of reassured in my statement that the seeds of Wyoming's future are more here than coming here. I sense that when I see the kinds of efforts that you all have brought to bear on trying to make a healthy climate for American small business—and particularly Wyoming's. Thank you.

Mr. NELSON. Thank you.

Mr. ELLIS. Thank you.

[Applause.]

Senator WALLOP. Now, we will have about a 5-minute break. We are amazingly close to being on time.

This is the best collection of panelists I have ever been around. You have not been to Washington often enough.

So we will be back at 11:20, and I do want to keep on time. Thank you.

[Recess.]

Senator WALLOP. We will come back in store, here, if we can get folks to come and gather up.

The next Panel will be Roger Johnson, president of the Mid-America World Trade Center of Wichita—and Roger, we are very pleased that you have taken the time to come here; Terri Brandt, from Casper's Main Street Program; and Mickey Beaver, from the Big Horn Marketing Council, here in Worland.

Let me begin by expressing my appreciation for your taking time from your ordinary endeavors to come here and assist us.

Senator WALLOP. Roger, very much of a warm Wyoming welcome to you—and please begin.

STATEMENT OF ROGER O. JOHNSON, PRESIDENT, MID-AMERICA WORLD TRADE CENTER, WICHITA, KS

Mr. JOHNSON. Thank you, Senator. My welcome began when I arrived yesterday.

It is indeed my privilege to be able to describe to the Senate Small Business Committee hearing the international business potential that is available to private enterprises, not only in Wyoming, but throughout the Nation's land-locked inland States.

I would also like to describe how the services of the recently established Mid-America World Trade Center can help small busi-

nesses achieve their full potential in the international marketplace.

International business visibility requires a large population base and a strong diversified economy. Individually, as we know, Wyoming and its neighboring States have small populations, relatively modest economies, and low international visibility compared to the larger, richer and more internationally involved American States.

However, combined the seven mid-American States—Wyoming, Colorado, Kansas, Nebraska, North Dakota, Oklahoma, and South Dakota—represent a population base of 13 million people and a regional economy larger than many European and Asian countries.

Joined together in a cooperative international business development effort, the Mid-American States represent a critical mass that is large enough and strong enough to command a level of international visibility which would be difficult for any of the individual States to fund or achieve.

The Mid-America World Trade Center is a non-profit partnership between private enterprise and State governments to provide a non-political, pragmatic focus for regional international business development.

Cooperation between the private and public sectors is in keeping with a growing trend toward the profitization of governmental activities when private enterprise has a greater experience base. It will also lead to a closer linkage between private business and the Economic Development Programs of the individual States.

The Mid-America World Trade Center is targeted at small businesses—those businesses with an international potential, but without the in-house expertise to achieve their potential.

The Mid-America World Trade Center is an accredited member of the World Trade Centers Association, the governing body for 66 cooperating centers in 33 countries on 6 continents. With speaking rights in many multinational trade organizations, such as GATT—the General Agreement on Trade and Tariff—International Monetary Fund, and the Association of American States, this association is a growing force in international commerce and in the trade policies of many Nations.

The facilities, services and assistance of the overseas world trade centers are unique assets in promoting the products of Mid-America abroad, and the Mid-America World Trade Center is the region's only link to this global business network.

The Mid-America World Trade Center is the only center in the Nation organized on a multi-State regional basis, and the value of a regional approach to international economic development was recently recognized by the U.S. Senate.

On July 9, Senators Wallop and Simpson from Wyoming, together with Senators from Kansas, Nebraska, Oklahoma, and South Dakota, co-sponsored a $5 million Federal funding authorization to support the services of the Mid-America World Trade Center for a 5-year period.

This authorization was in the form of an amendment to the pending Trade Bill of the 100th Congress, and was unanimously passed by the Senate. If the Trade Bill is passed by the full Congress and signed by President Reagan, and if the funding amendment is kept in its present form, it will significantly enhance the

international business opportunities in Wyoming and the other States of our Nation's heartland.

The intention of the amendment's sponsors is that the full amount be provided for 5 years, without annual review, cancellation or change. For planning efficiency, and to maximize matching funds from State governments and from the private sector, it is imperative that this intention be fulfilled.

I would personally like to thank you, Senator Wallop, for your support in the past, and to ask for your continued help as this amendment moves into the Agricultural Appropriations Subcommittee chaired by Senator Burdick of North Dakota, one of the Mid-America States.

The mission of the Mid-America World Trade Center is to promote exports from, and to attract foreign industrial investments to, Wyoming and the entire region.

The end goal of this mission is the creation of business and employment opportunities which will result from an increased level of regional international involvement. Annual expenditures of $2 million are envisioned to achieve our mission.

The Mid-America World Trade Center provides a wide array of pragmatic, trade-related services:

First, an international electronic communications system for the instant exchange of trade leads between World Trade Center members around the World. This system currently has over 12,000 subscribers in 54 countries, and fills the void that has been created by the reduction in scope of the trade referral services of the U.S. Department of Commerce.

Second, sponsorship of trade missions from Mid-America to foreign countries to provide face-to-face connections with potential international business partners.

Third, the hosting of buying missions from foreign countries to the Mid-American States.

Fourth, a broad publications program to describe foreign business opportunities to Mid-American companies. Multi-lingual versions of these publications will be distributed globally through overseas World Trade Centers to promote the products of Mid-America abroad.

Fifth, an aggressive marketing program to attract foreign investment to Mid-America in close cooperation with the economic development efforts of the individual State governments.

And last, confidential consulting services to Mid-American companies on the preparation of international business plans and other trade-related subjects.

The Mid-America World Trade Center is headquartered in Wichita, KS, the most centrally-located major city in the region. Satellite offices will be maintained in Wyoming and in each of the other Mid-American States to ensure that those States' needs are met in program planning and to maximize the effectiveness of our regional outreach services.

The headquarters and satellite offices will be in electronic communications with each other and with the overseas World Trade Centers for the instant exchange of trade needs.

To emphasize the private enterprise foundation of the Mid-America World Trade Center, we urge the participation of large and

small businesses in our activities through a tax-deductible membership in our non-profit organization.

The response of the private sector to the Mid-America World Trade Center has been rewarding, and I hope to see many Wyoming businesses among our membership in the near future.

I want to express my sincere appreciation for this opportunity of showing how the World Trade Center can help open the window to international trade opportunities that exist for the small communities of Wyoming and the other Mid-American States.

Much hard work lies ahead for any company that embarks on an international campaign, but the rewards are there for the companies willing to make the necessary commitment.

I hope that the Mid-America World Trade Center can provide the experience and connections which will make your international undertaking a little easier.

Thank you, for your attention.

Senator WALLOP. I thank you.

[The prepared statement of Mr. Johnson follows:]

TESTIMONY OF ROGER O. JOHNSON
PRESIDENT, MID-AMERICA WORLD TRADE CENTER
AT THE
U. S. SENATE SMALL BUSINESS COMMITTEE HEARING
(HONORABLE MALCOLM WALLOP, CHAIR)
WORLAND, WYOMING
AUGUST 14, 1987

Mr. Chairman, ladies and gentlemen:

It is an honor and privlege to be able to describe to this Senate Small Business Committee hearing the international business potential available to private enterprise not only in Wyoming but throughout the nation's land-locked inland states. I would also like to describe how the initiatives of the Mid-America World Trade Center can help small businesses achieve their full potential in the international marketplace.

International business visibility and success requires a large population base and a strong, diversified economy. Individually, Wyoming and its neighboring states have small populations, relatively modest economies and low international visibility compared to the larger, richer and more internationally-involved states.

However, combined, the Mid-America states -- Wyoming, Colorado, Kansas, Nebraska, North Dakota, Oklahoma and South Dakote -- represent a population of 13 million people and a regional economy larger than many European and Asian countries. Joined together in a cooperative international business development effort, the Mid-American states represent a critical mass large enough and strong enough to command a level of international visibility which would be difficult for any of the individual states to fund or achieve.

The Mid-America World Trade Center is a non-profit partnership between private business and state governments to provide a non-political, pragmatic focus for regional international business development. Cooperation between the private and public sectors is in keeping with the growing trend toward the privatization of governmental activities when private enterprise has a greater experience base. It will also lead to a closer linkage between private business and the economic development programs of the individual states.

The Mid-America World Trade Center is targeted at small businesses -- those businesses with an international potential but without the in-house expertise to achieve its potential.

300 North Main, Suite 306 • Wichita, KS 67202 • Tel 316-263-8920 • FAX 316-261-5211

The Mid-America World Trade Center is an accredited member of the World Trade Centers Association, the governing body for 66 cooperating centers in 33 countries on six continents. With speaking rights in many multinational trade organizations, this association is a growing force in international commerce and in the trade policies of many nations. The facilities, services and assistance of the overseas world trade centers are unique assets in promoting the products of Mid-America abroad and the Mid-America World Trade Center is the region's only link to this global business network.

The Mid-America World Trade Center is the only conter in the United States organized on a multi-state regional basis and the value of a regional approach to international economic development was recently recognized by the U.S. Senate.

On July 9, 1987, Senators Wallop and Simpson from Wyoming, together with senators from Kansas, Nebraska, Oklahoma and South Dakota, co-sponsored a $5 million federal funding authorization to support the services of the Mid-America World Trade Center for a five year period. This authorization was in the form of an amendment to the pending trade bill of the 100th Congress and was unanimously passed by the Senate on the same day. If the trade bill is passed by the full Congress and signed by the President, and if the funding amendment is kept in its present form, it will significantly enhance the international business opportunities in Wyoming and the other states of our nation's heartland. The intention of the amendment's sponsors is that the full amount be provided for five years without annual review, cancellation or change. For planning efficiency, and to maximize matching funds from state governments and the private sector, it is imperative this intention be fulfilled.

The mission of the Mid-America World Trade Center is to promote exports from, and attract foreign industrial investment to, Wyoming and the entire region. The end goal of this mission is the creation of business and employment opportunities which will result from an increased level of regional international involvement.

To achieve its mission, the Mid-America World Trade Center provides a wide array of pragmatic trade-related services:

- An international electronic communications system for the instant exchange of trade leads between world trade center members around the world. This system currently has over 12,000 subscribers in 54 countries and fills the void created by the reduction in scope of the trade referral services of the U.S. Department of Commerce.

- Sponsorship of trade missions from Mid-America to foreign countries to provide face-to-face connections with international business partners.

- Hosting of buying missions from foreign countries to the Mid-America states.

- A broad publications program to describe foreign business opportunities to Mid-America companies. These publications are distributed globally through overseas trade centers to promote the products of Mid-America abroad.

- An aggressive marketing program to attract foreign investment to Mid-America in close cooperation with the economic development efforts of the individual states.

- Confidential consulting services to Mid-America companies on the preparation of international business plans and other trade-related subjects.

The Mid-America World Trade Center is headquartered in Wichita, Kansas, the most centrally-located major city in the region. Satellite office will be maintained in Wyoming and each of the other Mid-America states to insure the states' needs are met in program planning and to maximize the effectiveness of our regional outreach services. The headquarters and satellite offices will be in electronic communications with each other and with the overseas world trade centers for the instant exchange of trade leads.

To emphasize the private enterprise foundation of the Mid-America World Trade Center, we urge the participation of large and small businesses in our activities through tax-deductible membership in our non-profit organization. The response of the private sector to the Mid-America World Trade Center has been rewarding and I hope to see many Wyoming businesses among our membership in the near future.

I want to express my appreciation for this opportunity of showing how the Mid-America World Trade Center can help open the window to the international business opportunity that exists for the small firms of Wyoming and the other Mid-America states. Much hard work lies ahead for any company that embarks on an international campaign, but the rewards are there for the company willing to make the necessary commitment. I hope that the Mid-America World Trade Center can provide the experience and connections which will make your undertaking a little easier.

Thank you for your attention.

Senator WALLOP. Mickey.

STATEMENT OF MICKEY BEAVER, CHAIRMAN, BIG HORN BASIN MARKETING COUNCIL, WORLAND, WY

Mr. BEAVER. I want to thank you, Senator, for inviting me to speak today.

The Big Horn Basin Marketing Council is the culmination of, primarily, a change in attitude throughout a 4-county, 17-community area ranging from Thermopolis to Cody, WY.

About a year ago, we began exploring a concept in economic development, recognizing that our potential is going to be met, primarily, number one, through a change in attitude, that we do have something to offer, we do have some something to sell, and that we should be sick and tired of expressing the fact that we love it here in Wyoming, but why should anyone else want to come here?

I remember getting off an airplane once in Casper, coming from Portland, walking up to the Hertz Rent-A-Car agency, first contact in the State, and the young lady asked me the proper question—said, "Where are you from? "

I said, "I'm from Portland, OR."

She said, "why in the heck would you want to come to Wyoming?"

That's a problem that we've had in this State, that's been referred to over and over again, today.

We've talked in the Basin about the fact that when an industry or a business attempts or begins the relocation process, they do not begin by seeking out communities; they begin by seeking out market areas.

That market area might initially be the Rocky Mountains. Then it will be a determination of, if they can be profitable within the Rocky Mountains, then can they be profitable in Wyoming. Then, can they be profitable within a geographic economic area within Wyoming.

Ultimately, economic development takes place at the community level, at the city level. Why are we, as communities, attempting to market ourselves, as small communities, to major industry for relocation, when in fact industry is not looking at us, in the first place? They are looking at us as geographic economic entities.

Thus the concept of the Big Horn Marketing Council: why not come together, as a group of communities, as a group of counties, as a group of chambers of commerce, economic development organizations, businesses, industries and individuals, and recognize that we cannot separate the economy of Worland, WY, from the economy of Cody, WY, and vice versa, and through the Basin.

We need to cooperate. We need to relieve the chambers of commerce, the local economic development organizations, from that monster in the sky called "industrial recruitment."

They need to spend more time getting back in touch with the businesses and industries in their local communities, nurturing those businesses and industries, understanding the problems, understanding their opportunities—and that results through communication. That communication historically has not been taking

place in the State of Wyoming, or throughout the majority of rural America.

The Big Horn Basin Marketing Council is in fact a 4-county, 17 community cooperative effort to market the Big Horn Basin to the outside world:

No. 1: To attract new business and industry;

No 2: To expand markets for existing business and industry in the Big Horn Basin; identifying new locations—new places for them to place their products;

No. 3: To support existing communities with the retention and expansion of existing businesses.

It's awfully sad, when we see businesses going out of business on a Monday, and nobody even knew they were in trouble the previous Friday. That's a function of a lack of communication, and a lack of understanding as to how to get to those businesses, and get them to communicate, where are they at in there business environment. Are they profitable? Are they having problems? What types of help do they need?

No. 4: We are going to be involved in promoting tourism in the Big Horn Basin, primarily through our target industry process. When we promote this area for new business and industry, we're also promoting it, not as only a good place to work, but as a wonderful place to play—and it is both, I don't need to tell people about it.

No. 5: Our objective is to provide on-going continuous economic development education. What is economic development? Economic development is not higher taxes, as many people think it might be. It is not merely building parking lots, and concrete structures, and tearing up streets, and tearing down trees, and inhibiting the quality of life.

You can plant a garden, and you can grow plants; or you can plant a garden, let it grow, and you grow weeds. One is planned, one is not planned.

We intend to plan on what our future is going to be. We are organized. We have an office in Powell. We have financial support from every county government: Hot Springs, Washakie, Big Horn, and Park.

We have financial commitments from, and money in the bank, from every city government in the 4-county area; 13 of the 17 communities—all the major communities.

We have financial commitments from the chambers and economic development groups, and are now embarking on a financial fundraising drive with major industry, primarily.

We're not going to go bang down the doors of main street business at this point. They're already nickel-and-dimed to death.

We understand a couple of things: We cannot succeed without the commitment of the public entities. We cannot succeed without the commitment of industry in the area, which have a regional influence and regional benefits to gain.

I work with Pacific Power & Light Co., and they've been very supportive of this effort, not only in Wyoming, but in other States where we have regional organizations already in place.

We know that we will benefit from economic growth. We know that other utility industries will benefit. We know that banks will

benefit. We know that everybody will benefit from planned, well-developed growth, and we're putting it in place.

Economic development is a function of approximately four things: Attitude, information—and we've heard the word "information" mentioned today—promotion, and cooperation.

That takes money. Individual communities do not have the funding, the financial resources, in a community of 5 or 6 thousand people, to effectively market themselves in the economic development arena, in America. It is a huge, huge, multi-faceted, very complex business. We need to treat it as such.

It is not an intermittent business. We can't play economic development this year because things are bad, and stop next year because the energy development comes back up and the energy gets on a roll again. It's a 20-, 30-, 40-, 50-year, lifetime commitment for a State and a Nation—and we intend to commit to that.

We will be providing every piece of information in the Big Horn Basin that you can imagine, through our centralized computer systems in Powell, WY. We will work with the State, and also corporations that are working in economic development in the area.

We will also be marketing ourselves to business and industry, on our own, outside of our contacts, with the State and with other industries, and so forth.

I think we have to get over a fundamental problem that we face in Wyoming, and I think in many areas of the Country where we've experienced economic downturns, where we have relied on a very narrow economic base, that is, energy, that is the concept of failure. We appear to be afraid to fail.

And an analogy I like to use, sometimes, being an ex-baseball player, is: Pete Rose was probably paid $1 million a year, for many years, to bat 300. What does that mean? It means Pete Rose fails 7 out of 10 times; but when he fails 7 times in a row, the opposing pitcher knows he's probably going to get 3 hits that night.

We need to get out and fail. We need to try things, we need to invest in things. We need to get over our fear of risk and failure to make things successful.

We intend on setting a model for the rest of the State. We do know that we have some support at the State level, for the concept that we're creating.

We need to understand that the State of Wyoming's labor force is probably not as large as the labor force of the city of Portland, OR. We are not competing against other States. We are, in fact, in many cases competing against cities. We must act like a city. We must treat the State of Wyoming as one big community.

Another fundamental problem we're breaking down through the Big Horn Basin Marketing Council is the problem, that with economic development, egos are a significant player. Everybody wants to take credit and, therefore, nothing gets done.

We must leave the egos at the door. We must embark on a process that says, let's get the job done. Let's not worry about who gets credit for it. Let's concentrate on benefits, not egos.

We have made progress. We are very willing to help other areas of the State embark on a regional effort of this type, to bring industry, Government, individuals, chambers, and economic development groups together.

We're not intending to usurp the responsibility of any individual chamber or economic development group or city or county government that we work with.

We are going to be a clearinghouse: One-stop shopping, for information of all kinds regarding a geographic, economic and social entity within the State of Wyoming.

I believe that the State needs to embark on this type of philosophy. I believe that the State needs to encourage the regionalization of economic development within the State of Wyoming.

I believe that 5 or 6 regional entities within the State of Wyoming could be put in place in the same fashion that we are doing, in the same fashion that it is being done in Cheyenne with the Leads Program.

It is a clearinghouse—and industry wants a clearinghouse when they come shopping. They want information now, they want it current, they want it accurate, and above all, they want confidentiality. That's what this type of organization provides.

I'd like to end with a little analogy, regarding attitude: I remember talking to a family who had a couple of children. One was 8, and one was 7—a boy and girl. The girl was perennially a pessimist, the boy was an optimist.

For Christmas, they bought the girl a computer system, $3,000, and thought she'd be thrilled. Christmas morning, she's playing with her computer, she says, "I hate this thing. I don't like computers. It's not going to work. I don't like it."

Over in the corner, sat the little boy, with a box 3 feet tall, 3 feet square. And he's digging. And he's digging and digging in the box—and the box is filled with horse manure.

Finally, his parents asked him why he kept digging in the manure.

And he said, "because I know, if I just keep digging long enough, there's bound to be a pony at the bottom of this box."

We've got to keep digging, folks, and we've just started—and it starts with attitude, information, promotion, and cooperation. And I sense that it's beginning to happen.

Thank you, very much.

Senator WALLOP. Thank you.

[The prepared statement of Mr. Beaver follows:]

PACIFIC POWER
Big Horn Division Worland · Cody · Lovell · Thermopolis · Riverton · Lander
908 Big Horn Avenue · P.O. Box 99 · Worland, Wyoming 82401 · (307) 347-2421

08/10/87

TESTIMONY BEFORE THE SMALL BUSINESS COMMITTEE HEARING -
AUGUST 14, 1987- WORLAND, WY.

Submitted by: Mickey Beaver - Chmn. Big Horn Basin Marketing Council

The Big Horn Basin Marketing Council (BHBMC) is a non-profit Corporation organized for the purpose of stabilizing and enhancing the economy in a 4- County area in North Central Wyoming. City Governments, County Gov'ts, Chambers of Commerce, Economic Development Organizations, individuals, business, industries and associations within Hot Springs, Washakie, Big Horn and Park Counties have decided to join hands through the BHBMC to cooperatively "market" the Big Horn Basin to the outside world.

The five major objectives of the Big Horn Basin Marketing Council are:

1. To attract new business & industry.
2. To expand markets for existing business & industry.
3. To support & work with local communities in business retention & expansion activities.
4. To promote expanded tourism.
5. To promote & provide economic development education through the four county area.

The BHBMC has been "seeded" with approximately $45,000 from City Gov'ts, County Gov'ts, Chambers & economic development organizations throughout the 4 county area. August, September & October have been dedicated to increasing that funding base to $250,000. We are presently searching for an Executive Director and should be hiring in September.

Following our fund raising efforts through October, we will be seeking State & Federal matching funds and/or grants.

Activities to be concluded by year end 1987 include:

* Completion of funding
* Adopting a logo
* Complete staffing of headquarters in Powell, WY.
* Complete data base on our computer
* Complete Newsletter format
* Complete Target Industry Marketing strategy

Activities for 1988 and beyond will include:

* Three (3) Industrial Trade Shows Per Year
* Tourism and Industrial Development Video
* Target Industry Mailing
* Company Visitations
* Market Expansion Studies
* Import Displacement Analyses
* Community Support Programs
* Newsletter and Public Education
* Fund Raising (EDA Grant, etc.)
* Trade Shows (Local)/(Involvement and Sponsorship)

Our organization structure consists of a 9 member Board of Directors, an Executive Director and his or her Administrative Assistant. Each entity or individual contributing a minimum of $100.00 to the BHBMC is officially a "member" of the BHBMC and is entitled to one vote on issues like Board elections and by law changes. Also, they naturally have the right to communicate through their respective area Board members or the Exec. Director to make suggestions, provide critique, etc.

The BHBMC struture will ensure communication upward, downward and laterally. The BHBMC will not play favorites in promoting the Big Horn Basin. Rather it will provide professional facilitation of relationship building between prospects & competitive communities. Our job is to get the prospect to the community. The community's job is to "sell" itself. Ultimately, however, our collective job throughout the Big Horn Basin is to "cooperate to attract, compete, then cooperate to keep." For example, if Worland, Thermopolis, Cody & Boise, Idaho are competing for a prospect and it boils down to a choice between Thermopolis & Boise, all members will make every effort to keep the prospect somewhere within the Big Horn Basin. Our job is to collectively promote and help ourselves by cooperating as if we were one large community, because, in the eyes of industry, we are.

Sincerely,

Mickey

Mickey Beaver
Chairman - BHBMC

Senator WALLOP. Terri.

STATEMENT OF TERRI BRANDT, EXECUTIVE DIRECTOR, DOWNTOWN CASPER MAIN STREET PROGRAM, CASPER, WY

Ms. BRANDT. The Downtown Casper Main Street Project is currently in its 2d year of operation. The project is affiliated with the National Main Street Program, which provides technical expertise and networking capabilities with other downtowns.

The program, implemented in Casper and in five other Wyoming cities, is a 3-year program based on a four-point approach. The success of the project depends upon a simultaneous and incremental approach to:

1. Providing an organization in the downtown area to coordinate efforts and activities;

2. To promote design and physical renovation;

3. To promote downtown activities and a positive image; and finally,

4. Economic development in the form of business retention, expansion and recruitment.

Each Wyoming Main Street project is locally funded, hiring a full-time Manager to guide the project. The State of Wyoming provides overall coordination of the program through the EDS board.

In Casper, the most important priority at the beginning of the project was to change the image of our downtown. It was perceived as a place where business owners didn't care about the customer, and at a low economic ebb; in other words, a place where no business would want to locate.

We knew this image had to change, if we were to be successful in attracting not only new businesses downtown, but also new customers for our existing businesses. We are working on this in two ways:

First, we are planning and promoting special events downtown. These events have included everything from Kaleidoscope, a traveling childrens art experience, to the downtown criterium, a U.S. Cycling Federation-sanctioned race with over 500 riders.

These types of events add an element of fun and excitement to the public's perception of our downtown.

We are also responsible for emphasizing the positive downtown and de-emphasizing the negative. I'm not saying that we hide from negative aspects, but rather, address them head-on, and educate the public as to why they exist—for instance, our parking problem in downtown Casper.

We serve as the conduit to the media and the public on the positive things that are happening Downtown. In these economic times, positive news is always welcome. This change in our overall image downtown is producing tangible results.

We are also concentrating on the economic restructuring of our downtown. The Downtown Casper Main Street project has spent 2 years preparing for serious small business recruitment and expansion efforts. We can now offer services to potential businesses or those already downtown who are considering expansion. These services include:

A market study which gives statistics on the downtown and Casper, including customer and income characteristics, traffic counts and pedestrian counts and sales tax figures;

We can provide detailed information on every space for rent or sale in our downtown area. We provide aid in working with the various governmental entities in all matters from obtaining a building permit to business counseling and financing;

We are a clearinghouse for any information required about our downtown. If we do not have the information upon request, it is provided as soon as possible;

We have received community development block grant funds through the city of Casper to help businesses with exterior remodeling costs usually associated with relocating, such as new signs. Our organization aids in the completion of that application and seeing it through the city process.

Our efforts are beginning to pay off. During the course of our program, we can boast 14 total new businesses in our downtown area, providing 68 new jobs. Over $850,000 in public and private funds has been reinvested in our downtown during that time.

I can assure you, that every main street city in this State can show these similar results. We feel that these are a direct result of the efforts of our programs.

But this has not happened problem-free. The Main Street Program has been one of the successful economic development programs in the State in the past few years in terms of businesses recruited, expansions downtown, and jobs provided.

However, because we concentrate on small businesses, many times with only one to three employees, we do not receive the attention that a large industry recruitment would get. At times, we are still regarded as only a downtown merchants association formed to put on that "Crazy Days" sale.

It should be recognized that small businesses provide 65 percent of the jobs in this Nation, and are just as viable in rebuilding our community as that one big industry.

If anyone has any questions about the program, or about the next phase of the program, which will be accepting new cities into it, they should call Rick Hunnicutt at the EDS office.

Thank you.

[The prepared statement of Ms. Brandt follows:]

STATEMENT OF TERRI BRANDT

The Downtown Casper Main Street Project is currently in its second year of operation. The project is affiliated with the National Main Street Program which provides technical expertise and networking capabilities with other downtowns. The program, implemented in Casper and in five (5) other Wyoming cities, is a three (3) year program based on a four point approach. The success of the project depends upon a simultaneous and incremental approach to 1) providing an organization in the downtown area to coordinate efforts and activities, 2) to promote design and physical renovation, 3) to promote downtown activities and a positive image, and finally, 4) economic development in the form of business retention, expansion and recruitment.

Each Wyoming Main Street Project is locally funded, hiring a full-time manager to guide the project. The State of Wyoming provides overall coordination of the program through the EDS Board. In Casper, the most important priority at the beginning of the project was to change the image of our downtown. It was perceived as a place where business owners didn't care about the customer and at a low economic ebb—in other words, a place where no business would want to locate. We knew this image had to change if we were to be successful in attracting not only new businesses downtown, but also new customers for our existing businesses.

We are working on this in two ways—first, we are planning and promoting special events downtown. These events have included everything from the Kaleidoscope, a traveling children's art experience, to the Downtown Criterium, a U.S. Cycling Federation sanctioned race with over 500 riders. These events add an element of fun and excitement to the public's perception of downtown.

We are also responsible for emphasizing the positive downtown and de-emphasizing the negative. We do not hide from negative aspects, but rather address them head-on and educate the public as to why they exist (such as our parking problems). We serve as the conduit to the media and public on the positive things that are happening downtown. In these economic times, positive news is always welcome. This change in our overall image downtown is producing tangible results.

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We also concentrate on the economic restructuring of our downtown. The Downtown Casper Main Street Project has spent two years preparing for serious small business recruitment and expansion efforts. We now can offer services to potential businesses or those already downtown who are considering expansion. These include:

1) A market study which gives statistics on the downtown and Casper, including customer and income characteristics, traffic counts and sales tax figures.

2) We can provide detailed information on every space for rent or sale in our downtown area.

3) We provide aid in working with the various governmental entities in all matters from obtaining a building permit to business counseling and financing.

4) We are a clearinghouse for any information required about our downtown. If we do not have the information upon request, it is provided as soon as possible.

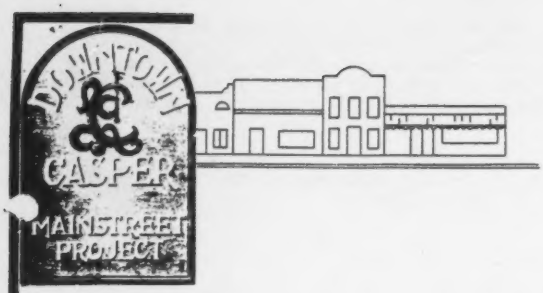
5) We have received CDBG funds through the city to help businesses with exterior remodeling costs usually associated with relocating, such as new signs. Our organization aids in completion of the application and seeing it through the city process.

Our efforts are beginning to pay off. During the course of our program, we can boast 14 total new businesses in our downtown area, providing 68 new jobs. Over $850,000 in public and private funds has been reinvested downtown during that time. I can assure you that every Main Street city can show similar results! We feel that these are a direct result of the efforts of our program.

But, this has not happened problem-free. The Main Street Program has been one of the successful economic development programs in the state in the past few years in terms of businesses recruited, expansions, and jobs provided. However, because we concentrate on small businesses, many times with only one to three employees, we do not receive the attention that a large industry recruitment would get. At times, we are still regarded as only a downtown merchants association formed to put on that "Crazy Days" sale. It should be recognized that small businesses provide 65% of the jobs in this nation and are just as viable in rebuilding a community as that one big industry.

Anyone with questions on the program, or wishing to involve their community, may call Rick Hunnicutt at the EDS office.

Attachments - Downtown Casper Annual Report
State Annual Report



ANNUAL REPORT

1986 - 87

DOWNTOWN CASPER MAIN STREET PROJECT

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DOWNTOWN CASPER DEVELOPMENT CORPORATION

Board of Directors

William N. Barnard, President
Bill B. Brauer, Treasurer
Thomas F. Stroock
Jim Barlow
Judi Laird
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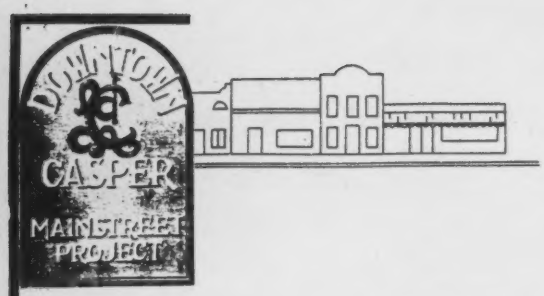

INTRODUCTION

The Downtown Casper Main Street Project has officially completed its second year. Sponsored by the Downtown Casper Development Corporation, this project is a three (3) year program to revitalize downtown Casper based on a four (4) point approach. Each area has been simultaneously, as well as incrementally, approached. Included in the four point approach are organization, design, promotion, and economic restructuring.

As expected, most of the accomplishments described in this report are each small steps in themselves; however, when put together, represent tremendous progress in improving our downtown. Our third year is extremely critical in continuing the success of the project.

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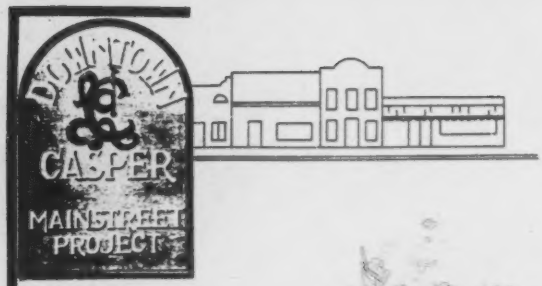

EXECUTIVE SUMMARY

The Main Street Project has shown much progress since its inception. Overall, we have seen a total of 14 new businesses open downtown, boasting 68 new jobs in the area. For every dollar of private investment into the program, $5.10 have been spent overall on downtown projects, including everything from physical improvements to design conceptions.

The program has been involved in over 15 major projects (described later in this report) and countless smaller projects. These projects represent incremental steps in many areas to bring together a cohesive effort of revitalization.

In the next year, we hope to see some results of these efforts. Because of a new and more positive attitude evident downtown, we will be able to attract the attention of potential businesses. In anticipation of this, we recently brought in an economic development specialist who works primarily with downtowns in the expansion and recruitment of small businesses. He has trained our Economic Restructuring Committee in small business recruitment, established priority businesses to target, and set out a strategy to follow in recruitment. We expect this effort to be a major priority in our third year. The raised awareness of the value of our downtown will make it easier to encourage building maintenance and renovation, further strengthening the upward spiral of downtown revitalization.

Finally, the Board will continue to seek out available funding alternatives from grant resources that may be available to the possible creation of a Downtown Development Authority. Whatever the decision, it will be based on what is good for the property owners and the business owners located there. This project is dedicated to protecting the interest of those downtown, and their opinions will be strongly considered in determining a funding alternative.

RESULTS

These results reflect statistics kept from January, 1986 to July, 1987.

Total New Businesses	13	
Total Relocated Businesses*	9	
	22	
Total Business Closures	8	
Total Growth.	14	businesses
Total New Jobs	47	
Total Relocated Jobs	41	
	88	
Total Lost Jobs (due to closures)	22	
Total New Jobs	68	new jobs

*Relocated businesses refers to those already in existence which make the move to downtown.

Total Dollars Invested in Program

One purpose of the Main Street Program is to encourage more public and private investment in the downtown area. The figures below emphasize the extent to which this has been done.

	Private	City	Grants
Main Street Project	$49,000	$ 70,000	$ 9,700*
Downtown Development Plan		20,975	
Design Plans		12,000	
Bldg. Renovation Funds			50,000**
Physical Improvements		38,000	
	$49,000	$140,975	$59,700

Total - $249,675

Every dollar of private funds invested through the adoption of the Main Street program resulted in substantial investment in our downtown by other sources.

*Mountain Bell Economic Development Grant

**Community Development Block Grants

In addition, over $600,000 was also invested in private building renovations, both exterior and interior.

Finally, over $16,000 in state funds have been used to bring technical assistance and various consultants to Casper to aid the program in areas of priority.

PROJECTS ACCOMPLISHED

Below are brief summaries of projects which have been accomplished to date.

Economic Restructuring

Market Study - A market analysis has been completed and has been used as an economic development tool in encouraging businesses to locate downtown.

Business Recruitment Training - Extensive training has been done for both the Economic Restructuring Committee and staff. A recruitment strategy has been established and is currently being implemented.

Rental Information Guide - A guide of all property for rent has been put together to aid in informing potential businesses of locations available. Since its creation, it has been used an average of five (5) times a week by potential businesses or real estate agents.

Surveys - Customer, merchant, and office employee surveys have been completed, and results are used in business recruitment and goal setting.

Merchandising Seminar - Main Street hosted a training seminar for merchants on how to better merchandise their business and better serve their customers. A direct result of this was the decision by over 20 merchants to stay open until 7:00 p.m. weeknights to better serve the working population.

Aid in Working with City - We have established a relationship with the city, and can now offer assistance with many city related matters, from obtaining a building permit or variance, to getting street lights fixed.

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Promotion

Visitors Packet - We have put together a visitors packet filled with information on downtown amenities and businesses, as well as coupons from various retail stores and professional business. It is distributed through the hotels and the hospital.

Restaurant Brochure - A restaurant brochure listing all downtown eating/drinking establishments has been done and is distributed to various downtown offices and in the visitors packet.

Downtown Business Directory - A directory of all retail and service establishments in the downtown area has been prepared and is distributed on a regular basis.

Advertising Brochure - A pamphlet on the "do's and don't's" of advertising has been completed. Its purpose is to aid businesses in the art of advertising.

Special Events - Several special events have been accomplished, raising the awareness of downtown. In all, these events have brought over 6,000 people to the downtown. They include:

Main Street Festivals
Christmas Promotions
History Week
Downtown Criterium
Winter Festival
Crazy Days

Design

Historic Walking Tour Brochure - this brochure highlights the historical nature of our downtown and has raised the awareness of their value and beauty. Over 3,000 copies of the brochure have been distributed to date.

Low Interest Loan Program - through the Community Development Block Grant program, $50,000 is available to use towards store front renovations.

Downtown Development Plan - a plan establishing one, five, and ten year goals for the physical development of the downtown area is near completion.

Organization

Main Street Project - we have been able to provide a central information and coordination point to aid in all areas of downtown revitalization. The organization has provided political presence with the city and works closely with other groups including the Chamber of Commerce and the Convention & Visitors Bureau.

Downtown Casper Association (DCA) - the merchants association voted in February, 1987 to merge with the Main Street Project in the efforts to revitalize downtown.

Clearinghouse - the Main Street office has been established as a clearinghouse of information for the downtown. If requested information is not readily available, it is researched and supplied as quickly as possible. We have averaged over ten requests for information per week.

Senator WALLOP. Thank you, Terri. Thank you, very much. And thank you, all. Just a couple of questions:

Roger, you spoke of the possibility that there would be an office from the World Trade Center in Wyoming. Assuming funding, what is the sort of timetable?

Mr. JOHNSON. Well, Senator, assuming they're very big, with the Federal funding that we discussed, I would certainly hope that a State office be established in Wyoming, and most probably in Cheyenne, by the end of this year or within the first quarter of next year.

Senator WALLOP. OK. In the meantime, how can Wyoming small businessmen, who may have an interest in either exporting or importing: How can they find what services you offer?

Mr. JOHNSON. I mentioned the international electronic communications system which we do offer and is on stream at the present time. Now, as we receive, daily, trade leads from abroad, I do, with admittedly some judgmental effect, call the various State economic development offices and pass through these leads orally.

For example, in Wyoming Jim Reuben, the commissioner of agriculture, has received several leads from us for various agricultural products and indeed, I am pleased that we have completed a couple of international transactions involving Wyoming.

One very good example of how the region can work in a coalesced cooperative fashion is that there happened to be an alfalfa pelletizer in Fargo, ND, who had his pelletizing equipment, and an order for 5,000 tons of alfalfa pellets for West Germany.

He did not have adequate product, and through the State's department of agriculture, we were able to fill his need for alfalfa, partially in Wyoming.

So, certainly, the membership in our organization brings with it subscription rights to this system, which as I mentioned is particularly valuable these days, in view of the down-scaling of the Commerce Department's own trade referral systems and their old electronic communications systems for trade leads.

This trade lead system is certainly the premier source of trade leads that exist in the United States, or throughout the World today.

Senator WALLOP. Generally, then, what Wyoming's businesses seek access to, through either the EDS board or——

Mr. JOHNSON. I have had several conversations with the Governor. As you may know, the Governor has recently recruited a new International Trade Development Director, down in Cheyenne, and it will be through that office, that I can be contacted.

Senator WALLOP. Mickey, in your testimony, you mentioned plans to complete your computer data base. Briefly, what will that provide for existing small businesses?

Mr. BEAVER. Well, for small businesses who, let's say, have an interest in expanding markets, what we will be able to do through a communication link, between our PC in our office and the main frame commuters at the Powell Community College:

Powell Community College has agreed to do any State, regional, or national data search for us, primarily free of cost. All we pay for is the toll call communication link, toll time between our office and theirs.

So we can, let's say somebody has a product they are selling, that they want to identify who is buying that kind of a product in Texas, New Jersey, and Wisconsin.

We can, through a combination of resources through the community college, as well as possibly corporate resources of Pacific Power, and perhaps other companies, identify those companies, who they are, the volumes of product they purchase, at what price, and where those are purchased from.

We can then help that small business structure a contact strategy with those companies, to begin contract negotiations possibly for a market expansion.

Senator WALLOP. That sounds pretty exciting.

Terri, your success sounds as, I mean, one of the nice, bright stories I have heard out of Casper in a while.

I know that the move out of downtown was generated in many respects by the shopping center development that took place. Has the move back downtown been at the expense of those?

Ms. BRANDT. No. As a matter of fact, the trend nationwide is to move back downtown.

You're going to be finding, and I'm sure being in Washington, DC, you've found, that, and anyone who has been shopping, or, excuse me, not shopping, or anyone who has been to Denver, lately will find that the department stores are starting to move back downtown, and it is becoming a more viable place.

Casper can expect that trend only probably in the next 2 to 3 years. We have developed a relationship with the shopping center, where it's kind of a guarded truce, where we don't recruit their businesses and they don't recruit ours. And we in fact are even talking right now about putting on a Joint Marketing Program to benefit all of Casper.

The mall gives us an advantage, because it really did, it increased our regional shoppers by 25 percent; and I suspect if we take them all away, those shoppers would not be as ready to come to Casper.

So we want to work with them in any way possible, to promote all of Casper, because even if the dollars get spent at the Mall, in their turnover they're going to be spent downtown.

Senator WALLOP. Sure. Well, again, you attribute it a lot to the information available to people who wish to either pursue what you offer, or mirror what you have done—so I think it has been very helpful. Thank you.

Ms. BRANDT. Thank you.

Senator WALLOP. Next we have the Government panel: Joe Evans, of the Wyoming EDS board; George Axlund, of the Wyoming Community Development Authority; Gordon Roe and Steve Despain, of the Wyoming SBA; and Mac Bryant, from the Wyoming Small Business Development Center.

And welcome, and many thanks to you.

Senator WALLOP. All right. Joe, welcome here, and thank you for taking the time to come up.

STATEMENT OF JOE EVANS, WYOMING EDS BOARD, CHEYENNE, WY

Mr. EVANS. Thank you, Senator Wallop. I'm pleased to be here on behalf of the Economic Development and Stabilization Board, and Bill Budd, our executive director.

Mr. Budd cannot be here, as you know, because he's in Australia with the Trade Commission with the Governor, trying to find markets for Wyoming businesses.

My purpose here today is to give you some information about the programs the EDS board has, and some other State programs.

Our most important program, as you're probably aware, is the Economic Development Loan Program, commonly known as Amendment Four. It was authorized by the 1987 legislature in the amount of $10 million, to provide loans and loan guarantees to businesses.

The business must have at least 20-percent equity in the project, and there is a maximum of 65-percent State funds, and a maximum of $750,000 in any project. Those limits can be exceeded to a certain extent, if at least five of the seven members of the Investment Fund Committee approve.

I do want to mention that the Investment Fund Committee is separate from the Economic Development Board itself, although we do serve as the staff. Refinancing is also allowed by Amendment Four, if five of the seven members approve.

Our second program is an Economic Community Development Block Grant Program. The State has administered that program since 1982. The State receives about $2.3 million dollars a year from that program, of which about 75 percent is allocated to economic development.

It's divided into two sections: About $250,000 is provided for planning-only grants. A number of the people speaking this morning, have mentioned that they have received funds from the program, for planning studies—feasibility studies, and what have you.

The other money is strictly for loans. The applicant——

Senator WALLOP. Did you—I'm sorry to interrupt. I'm trying to catch ahold.

Mr. EVANS. Go ahead.

Senator WALLOP. 75 percent?

Mr. EVANS. 75 percent of the total money that is given to the State is used for the economic development; the other 25 percent is for the other program, sheltered workshops for the handicapped, and that kind of thing.

Of the economic development money, 250,000 is for the planning-only grants, and the rest of that money is for loans, the rest of the economic development money.

There is a maximum loan of $250,000 in the block grant loan fund. Because of the small amount, they set the limit, obviously, quite a bit lower than the Amendment Four.

The applicant in both cases must be a city, town, or county, which is a Federal law; and with the grant, the money is granted to the city or town, and then that city loans the money to the business.

The money that is repaid goes back to the city, to a revolving loan fund, so the city gets the advantage of the jobs for the business; and whatever taxes might accrue, and they also have additional funds to loan to the businesses in their community.

The block grant money is a little bit harder to disburse, obviously, because there are some Federal regulations involved. Usually, they don't stop a project; they just make it a little harder to get it going.

Another major program we have, and which you are aware, is a procurement conference. We are having the Second Annual Procurement Conference in Casper, September 10th, in conjunction with the Wyoming Business Rendezvous.

It will be the 2d year for that, and you've heard testimony of some firms winning awards from the Federal agencies because of that, and what they've learned at that procurement conference.

You've also heard Terri Brandt talk about the Main Street Program which is administered by the EDS board. The new application deadline, by the way, for that program, is August 27, 1987.

The State will be selecting three more communities for that Main Street Program. So, if there are any communities represented here, who want to participate in the program, they should contact our office.

Another major effort of the department that we sponsor through Staff assistance and also through funding is the Wyoming Business Rendezvous. The Second Annual Rendezvous will be held September 10, 11 and 12, at the Casper Events Center, next month.

It's an opportunity for businesses to display products to the general public and to retailers. It was considered an outstanding success last year. We hope it will be even bigger and better this year.

One of the things that came out of that rendezvous was the Wyoming Products Catalogue, which had a widespread distribution to retailers around the State, and to surrounding areas, so that those retailers can see the types of products that were available in Wyoming.

We also have an Outreach Program designed to help local economic development organizations. One of the best ways to improve the economy is to improve the local business climate; and we encourage local business people to get involved with their local economic development organizations, as much as they can, because it's at the local level where economic development takes place.

One person who has already spoken has mentioned about the On-The-Job Training Program offered by the Private Industry Council, offered by the Job Services. It's a Federal program, where up to 50 percent of the employee's wage is paid while he has on-the-job training, so it's an excellent program.

One person also mentioned they wanted to see a Business Permit Manual available from the State, so they could find out where the permits are and where they have to go to get them. That went to the printer yesterday. It should be available within 30 days.

Thank you, very much.

Senator WALLOP. Thank you.

[The prepared statement of Mr. Evans follows:]

Good Morning Senator Wallop. . .

My name is Joe Evans. I am the New Business Development Officer for the Economic Development and Stabilization Board for the State of Wyoming. I am representing the Governor's office here today, since both the Governor and Bill Budd, our Executive Director, are on a trade mission to Australia and the Far East. My purpose here today is to inform you of the programs the state has to help small businesses. The best way for me to do that is to give you a breakdown of the programs run by our office and the name of the contact person in each area.

Our most important program, of course, is the Economic Development Loan program, commonly known as "Amendment 4", which was authorized by the 1987 legislature in the amount of $10 million to provide loans and loan guarantees to businesses. The program requires that a business have at least 20 percent equity in the project and there is a maximum of 65 percent state funds allowed for the project, with a limit of $750,000. Those limits of 65 percent and $750,000 can be exceeded with the approval of at least five of the seven-member investment fund committee. Refinancing can also be allowed with five of the seven-members approving.

Our second major program is the Community Development Block Grant program. It is a federal program that has been administered by the state since 1982. We are provided approximately $2.3 million per year, of which 75 percent is allocated toward economic development. The economic development program is divided into two sections. The smaller portion ($250,000) is a grant program for planning only. Businesses can apply for up to $25,000 for feasibility studies, market studies, or other items which are necessary to prove a product. The rest of the money is used for loans. Because of the small amount available in the loan program, the maximum amount of the loan is $250,000 and only 25 percent of the project can be from the Block Grant program. The rest of the money must come from the applicant, lending institutions, or other programs. The two items that differentiate this program from the investment fund program are: 1) the businesses cannot apply for the funds themselves. They must apply through a local entity, a city, town or county. The loan amount is granted to the local government and the local government, in turn, loans the money to the business. The principle and interest are paid back to the community and the community keeps the money in a revolving account for further economic development loans. So not only does the business benefit from the low interest loan but the community benefits because it has a loan fund it loans to other local businesses. The second way it differs, because it is a federal program, is the federal regulations which are involved. The project must provide benefit to low and moderate income citizens. It is a little more cumbersome for some projects. However, with most projects, there are usually no substantial problems with the federal regulations. The economic development staff would be glad to sit down with you and help you decide which of our programs meet your needs. The primary contact is Dan Perdue, but Steve Achter or myself can also provide assistance.

You have already heard Teri Brandt of Casper talk about the Main Street program sponsored by the State of Wyoming. The Main Street program has had an excellent response across the state and if you are interested in participating, or having your community participate, we will be selecting three more communities this fall. The application deadline is August 27, 1987 and you should contact Rick Hunnicutt at 777-6436 for more information.

Another major program of which you be aware is the state procurement program. We have one individual whose full-time job it is to help businesses obtain contracts with the state and federal government. He will holding the second annual Procurement Conference in conjunction with the Wyoming Business Rendezvous on September 10 in Casper. You may have seen the article in the newspaper a few weeks ago about a Laramie firm that received a contract with the Department of Defense and attributed winning the contract to the information they obtained at the procurement conference -- so it is a very worthwhile endeavor. The contact person is John Logan.

Another major effort of our department is the Wyoming Business Rendezvous. The second annual Wyoming Business Rendezvous will be held on September 10, 11 and 12 at the Casper Events Center. It is an opportunity for you to display your products to the general public and a large number of retailers. It was considered to be an outstanding success last year, and we hope it will be even better this year. I have some brochures here in case you want more information about the rendezvous.

We also have an outreach program designed to help local economic development groups prepare for expanding local businesses or attracting new ones. One of the best ways to improve our economy is to get involved with improving the local business climate, so become active in your local economic development organizations. The person who works with local governments is Leonard Bucsanyi.

The last item I have is not a program of the economic development office, but it is very helpful for businesses across the state. It is an on-the-job training program offered through Wyoming Private Industry Council. It offers employers a chance to hire employees and train them on the job, and be reimbursed up to 50 percent of the employee's wages. If you need more information on this program please contact your local job service office. It is an excellent program and one you should take advantage of.

Thank you ...

Senator WALLOP. George.

STATEMENT OF GEORGE AXLUND, WYOMING COMMUNITY DEVELOPMENT AUTHORITY, CHEYENNE, WY

Mr. AXLUND. All right. Thank you, Senator. It's a real pleasure to be here on behalf of the Wyoming Community Development Authority.

I have to tell you that not only me but my entire board of WCDA believe that Wyoming is now on the move. We sense that things are picking up and that things are getting better.

I can demonstrate from the projects that we financed, and if you listen to the EDS board talk about what they've done, I think the tools have been finally developed. There are tools out there that can be used, and they have been used effectively.

And we are telling people that it's now time to take the hammer, the saw, and build a building, and let's stop talking about what are the programs, what are the things we can do, what other new tools we might develop, but use the ones we have.

I think if people knew and focused on the total amount of financings that have been done by the EDS board, WCDA, the Amendment Four, I think the total numbers would be shocking, because I don't think anybody has a real understanding of the fact that things are moving ahead.

We don't believe that we can be all things to all people. I'm sure the EDS board has the same problem. But working together, I think we have been able to put together a partnership amongst ourselves, and the other programs, to be very successful.

To give you a brief idea of what WCDA is all about, we were started in 1975, and got into economic development in 1984, and were authorized by the Legislature to issue up to $100 million of economic development bonds. We issued some IRB bonds and funded some projects that way.

We have found that that program no longer is workable as a result of some of the current arbitrage restrictions in Federal law.

I think it's important to note that WCDA is a little different from the EDS board, because we're not a State agency. We get no money from the State, nor is the over $1 billion that we've raised in capital and imported into the State, State debt. We are apart from the State, and are a little different in that function from dealing with the EDS board.

When we began our program in 1984, one of the first things we wanted to get into was to develop a study, and I've provided you with a copy of that, which was done by the Fantus Corp., a major industrial relocation firm.[1]

One of the big elements that Wyoming has faced is to fight the concept that Wyoming is not a good place to do business. Prior to us putting any money into a further economic development effort, we wanted to make sure that they weren't right; and I think that study demonstrated it.

This study was presented at a joint-sponsored Economic Development Conference this spring, by the WCDA, and the EDS board,

[1] Material retained in Committee files.

and there were over 200 people who attended the conference, and actually listened to the developers of the study talk about why Wyoming was a good place to do business.

What business looked for when they were evaluating locations—the fact that businesses most often look for reasons to eliminate you, rather than looking for reasons to come to your area.

And if you know what those reasons for elimination are, you can see if they are present in your community, and then do what you need to do to eliminate those obstacles, so when businesses do come looking, you are considered.

The study actually had three phases: The political analysis, regional evaluations, a comprehensive marketing study, and then the target industry study. All of those have been distributed on a statewide basis to local communities and are available.

The WCDA has, in the interim, started its first Financing Program. We did it by bonds. We financed a Sawmill Project in the Sheridan area, which was a $3.7 million financing. Since that time, that project has doubled its work-force, putting on a another shift, and has been one of the success stories in the bond world.

We found that shortly thereafter, bonds no longer were really workable. We started developing new ways, coordinating our efforts with the EDS board, with cities, counties, to do joint financings to enable projects to get funded utilizing as many sources of funding as possible.

Currently WCDA has financed 12 projects amounting to some $11.3 million in cost and 590 jobs. These estimates show that those jobs have increased, and those companies have expanded, and the number of jobs have grown by about 29 percent since those companies were funded. Of those 12, 4 were joint participations with the EDS board and their project.

Last, WCDA has taken the initiative to develop international relations. We did this a year ago in Australia. And I think those efforts, those contacts stimulated the current Trade Mission which the Governor is taking.

It's my understanding that the Governor has committed to permanent representatives of the State of Wyoming, in both Melbourne and Sydney; and Wyoming will continue to have representations down in that Country.

We believe there is a great opportunity for business coming from Australia to Wyoming. That can be demonstrated by ACI's purchase of a 49-percent interest in a Wyoming trona mine. That was a hundred-million-dollar investment.

BHP has had major investments in Fremont County. All of those companies are currently being talked to about further expansion of their activity in Wyoming.

We believe that we believe that economic development in Wyoming is going forward, and what has been going on has worked very well.

Thank you.

Senator WALLOP. George, thank you. Gordon.

STATEMENT OF GORDON ROE, ASSISTANT DISTRICT DIRECTOR, FINANCE & INVESTMENT, WYOMING SBA, CASPER, WY

Mr. ROE. Senator, thank you very much for inviting us to be here today.

Presently, SBA has about 1,500 guaranteed loans on our books, in the amount of about $133 million in Wyoming. We've been very pleased to participate with the local lenders in this particular State.

As you know, Wyoming is a non-branch banking State. Some of our banks here are quite small. By utilizing the SBA Guarantee Program, a bank can legally exceed its loan limit on loans.

And second, and most importantly, years ago Casper was the first SBA office to develop a Secondary Investment Program for the lenders, that is, they are able to sell the guaranteed portion to the secondary investment. In Wyoming we developed that through the State Retirement System and have very successfully accomplished that over the years.

Recently, the investment market, on a nationwide basis, found out about the SBA guaranteed loans and they developed a national system through Colson, in New York City and, quite frankly, here in Wyoming, we're concerned about that.

They have taken the freedom from us to market these investments locally without going through Colson. Colson Investment charges the banks one-eighth of 1 percent.

Senator WALLOP. Where does this requirement come from?

Mr. ROE. It's a national law. The program became so successful, it began to get out of hand.

From a national SBA standpoint, we have lost track of the number of investments that have been sold; and so we needed to congregate those and be able to number those in some uniform system—so Colson became that organization that does that.

Unfortunately, what has happened—the one-eighth of 1 percent, while that might seem quite small, and it is small, it usually comes out of the pocket of the small business borrower—and so we like to pass the benefits on.

You are, I believe, familiar with the fact that the size of our loans are limited to $500,000. We're hopeful that the Congress of The United States will increase that to at least $750,000 in the near future.

Our loans can, on real estate, on new projects, go as long as 25 years in term.

Our guaranteed percentage to the Banks is limited to 90 percent of their loan, on loans that are less than $155,000. Loans that exceed that amount, our guarantee limit is now at 85 percent maximum guarantee.

The small businesses who borrow money from banks that we guarantee—for example, retail and service business—the general gross income that defines "small businesses" is $3½ million. However, in particular high-volume industries, such as a grocery store, it could be $13½ million and still qualify as "small business."

In manufacturing, it's defined by the number of employees. 500 employees or less, can qualify you to receive an SBA guaranteed

loan. That figure is quite large, quite frankly, for the State of Wyoming.

The interest rates are set by the local lender. However, our guarantee allows the bank to charge the national prime, as identified in the Wall Street Journal; and on loans that are less than 7 years, we allow the banks to spread or add to that prime rate, 2¼ percent, and still hold our guarantee.

On loans that exceed 7 years, the banks can add a spread of 2¾ percent over and above the prime. This is then a very attractive investment to the secondary investors.

Now, the interest rates can either be a straight rate or can fluctuate, based upon the movement of prime up and down.

Recently, the State of Wyoming has re-issued, for the next 3 years, their subsidized Interest Rate Program through SBA Guarantee Programs, that is, the Small Business Act allows lenders to lend money at 8¼ percent for the first 5 years of the life of the loan. After that time it goes to a market rate.

That's a very attractive rate, today, for the State of Wyoming—and we're actively involved in that market today.

I'd like to address the Economic Development Program that we've had for years, and have revitalized recently.

Probably one of our most famous economic development packages in Wyoming would be the Teton Ski Slope area, Teton Village.

More recently, we've begun to—because of budgetary constraints on our monies—get involved in the Debenture Bond Program, where we have gone to the outside—first of all, starting with the Federal Financing Bank—more recently, in the last year, going through Merrill-Lynch and Citicorp as underwriters—we're going to the private bond market, now, debenture market, and we are joining hands with banks who fund the first 50 percent of a project on a first-mortgage basis.

The Small Business Administration, through a local certified development company, can fund the next 40 percent of a project on a 2d-mortgage basis utilizing these debenture bonds.

Unfortunately, because this is a brand-new entry into the well-established bond market in the United States, the interest rate right now is running about 10.4 percent, which is high. But we think, as time goes on and we prove to the public that this is a good investment program, that that interest rate will come down.

Now, Merrill-Lynch and Citicorp are involved. Presently, throughout the Country, we have about 7,000 loans in our portfolio.

Unfortunately this program is not publicized nor used in the State of Wyoming. We do have in Casper a Small Business Development Company of Wyoming that we've certified about 3 years ago. They're able to work on a statewide basis, not just in a local area. We also have a company headquartered in Evanston, that covers five southwestern counties.

Both of these have been inactive because of the downturn of the Wyoming economics, but we are currently publicizing that program to our local lenders and State officials. We feel that when the economy comes back in Wyoming we want to be prepared to help them expand this Program.

We have been talking with WCDA and its board officials. We are interested to see if we can join forces with our monies behind

banks who would hold the first mortgage. We are limited to a $500,000 size limit which equals about 40 percent of a project. This could mean that a total project could cost about $1,125,000.

If we are able to join forces with WCDA and EDS board, which we think we can now in a second position, and if we could jointly each fund five equaling 1 million, and if that figure equals only 40 percent of the project, you can see that we could expand the quantity of the size of the loan substantially for the State of Wyoming.

Just Wednesday of this week we learned from our national headquarters that this would be legally permissible for us to do so, as long as we're the lead second lender in control of the instruments, and so forth.

There's been much talk this morning about the Export Program. President Reagan recently appointed Senator Abdnor of South Dakota as our as Administrator. He is vitally interested in the Export Program.

I've been interested in listening to small business firms who testified earlier who are involved in an export market.

I have been in contact with the banks to make sure that they understand that we're able to assist them in import/export.

Part of that program involves a cooperation between the SBA and the Export/Import Bank, where each of us are able to guarantee up to $500,000 of an International Program, also discussed this morning for a venture capital loan.

Now, the Wyoming Industrial Development Corp. is a statewide organization, licensed by SBA, and wears many hats for us.

For example, they are a Small Business Investment Company, and in that role they are able to participate in a venture capital position with new entrepreneurs by helping them establish new businesses.

WIDC seems to be struggling, right now; but even so, we think that there is a role that they should be playing in the State's economy.

To help publicize our programs, we're establishing five Loan Officer Training Programs throughout the State of Wyoming: August 25 in Casper, September 17 in Cheyenne, have already been organized.

We're anxious to retrain. There seems to be such a tremendous turnover of bank loan officers in the past 3 or 4 years that we're vitally interested in retraining, or training for the first time bank loan officials to understand our programs.

Senator, I have an area of great concern this morning, I'd like to express to you. As you know, we've had several Bank failures in Wyoming; and in each case, some of those banks had some SBA guaranteed loans in their portfolio.

As they've failed, the Federal Deposit Insurance Corp., FDIC, has taken over that portfolio. In some cases, they've been able to sell the portfolio to existing banks, or incorporate it into existing Banks. But in many cases, they've taken that portfolio to their Denver headquarters.

The FDIC is not a lender; they are an insurance company. Unfortunately, we've found that many of our borrowers who have loans now held by FDIC are not able to get instant action of a remedial nature to keep their business alive.

In fact, we've tried to act on their behalf, in conversing with the FDIC. Quite frankly, we cannot get them to answer our correspondence.

We're vitally interested in keeping our small business people alive here in Wyoming, even if that means SBA is taking money out of the U.S. Treasury and buying, from a sister agency, that loan. We are attempting to do that now.

But I don't see any reason to drain the Treasury from the left hand and give it back to the right hand.

We're trying to address this, by drawing up a letter of agreement or a letter of understanding with that agency. We've not been successful so far.

So, Senator, you may be hearing from us to act on behalf of some of our small business people.

Senator WALLOP. Gordon, thank you very much. You will find us more than willing to do that. It seems almost inconceivable that we would add to our woes by creating yet another failure, when that was not necessary, and we would do anything we can to help avoid it.

But I have had some experience already, with contact from small business people in Wyoming, with that problem. I would be happy to work that through.

[The prepared statement of Mr. Roe follows:]

U.S. SMALL BUSINESS ADMINISTRATION
FEDERAL BUILDING, ROOM 4001
100 EAST B STREET, P.O. BOX 2839
CASPER, WYOMING 82602

August 7, 1987

The Honorable Malcolm Wallop
United States Senator
40 South Main
Sheridan, WY 82801

Subject: Written Testimony for Small Business
Committee Hearing August 14, 1987

Dear Sir:

The attached material is submitted as written testimony in addition to oral testimony planned by Gordon Roe, Assistant District Director for Finance and Investment; and Steven Despain, Assistant District Director for Business Development.

I plan to attend for response to any questions that may arise during the discussion period at 1:00 p.m.

Sincerely,

Paul W. Nemetz

Paul W. Nemetz
District Director

Attachment

CASPER DISTRICT OFFICE
UNITED STATES
SMALL BUSINESS
ADMINISTRATION

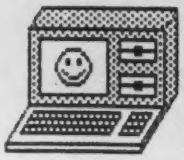
100 E. B Street
Casper, Wyoming 82601
307-261-5761

DISTRICT DIRECTOR
Paul W. Nemetz

DISTRICT COUNSEL
Mahlon Sorensen

ASST. DISTRICT DIRECTOR
FINANCE & INVESTMENT
Gordon Roe

ASST. DISTRICT DIRECTOR
BUSINESS DEVELOPMENT
Steven Despain



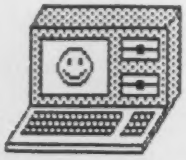
FINANCIAL
ASSISTANCE

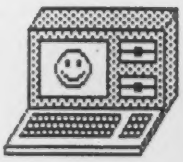
BUSINESS
DEVELOPMENT

PROCUREMENT
ASSISTANCE

MINORITY
SMALL BUSINESS
ASSISTANCE

ADVOCACY





FINANCIAL ASSISTANCE PROGRAMS

General Overview

SBA's loan programs provide financial assistance to qualified small businesses unable to obtain credit elsewhere. SBA offers a variety of financial assistance to eligible small businesses through local financial institutions, privately-owned small business investment companies or local, state and certified development companies.

SBA loans are made in participation either with a bank or other lending institutions. The lending institution provides the funds and the SBA guarantees a portion of the loan. The SBA will guarantee up to 90 percent of a loan which does not exceed $155,000 and up to 85 percent of a loan in excess of $155,000. When funds are available, SBA can consider a direct or an immediate-participation loan.

The major advantage to obtaining an SBA loan is the term of the loan; SBA loans allow a longer term than those available from commercial lenders.

Loan Administration

SBA is committed to assisting America's small businesses while protecting the taxpayers' money. After a loan is made, borrowers are informed of SBA's Business Development assistance programs to help assure borrower success. In its participation loans, SBA works with banks in troublesome situations. In the case of direct loans, Agency personnel work directly with borrowers.

When loan repayment difficulties develop, SBA attempts to mitigate losses to the government and borrowers in a variety of ways, such as SCORE counseling, remedial loan adjustments or, in the event of business failure, disposition of the business assets and other collateral security, or through reliance on the pledge of any guarantors.

Secondary Markets

The SBA guaranteed portion of a loan can be sold on the secondary market by the lender. This improves the lender's liquidity, profitability, and ability to make more funds available in the community. SBA's role continues to be as guarantor of the original loan and negotiations for secondary participation are between the bank and investor.

Secondary markets are important to states deprived of capital because they provide access to national capital. For example, if a bank approves a $100,000 SBA loan, the $90,000 in cash goes back into the bank which may make nine $10,000 loans, thus providing additional local capital for small businesses in the area.

Participating Lenders

Lending institutions participate with SBA in making most of their small business loans. Such institutions include commercial banks, savings and loan associations and other qualified lenders.

Lender Certification Programs

Purpose:

In March 1979, SBA began its Certified Lending Program as a part of the Agency's efforts to obtain greater private-sector involvement in SBA activities. The program is designed to eliminate the duplicative detail review on 7(a) loan application guarantees required by SBA and lending officials. Lender certification benefits the loan applicant, the lender and SBA. Loan applicants and lenders receive faster service and the Agency is able to stretch its resources to provide greater assistance to small businesses. Lender certification offers two types of participation:

- Certified Lenders, who receive a partial loan delegation of authority with their loan guarantee applications, are given a three-day turn around by the local SBA office.

- Preferred Lenders are selected banks which handle all loan paperwork, loan processing, and also service the loans. Preferred Lenders have a full delegation of loan authority and often can decide unilaterally on SBA participation in business loans. These loans must be in the amount of $100,000 or greater and carry a guarantee of no more than 75 percent, rather than the 90 percent maximum under regular or CLP loans.

Eligibility:

1. All participating lending institutions must sign an SBA Loan Guaranty Agreement.

2. Certified Lenders must be active in the Agency's regular loan guaranty program. Lenders with whom SBA has had "good experience", including past participation in SBA loan guarantees, loss rates, repurchase rates, the quality of loan packages, rapport with the Agency and other factors, can graduate from regular service to Certified Lender status.

3. Preferred Lenders must have been Certified Lenders with satisfactory performance in the categories listed above.

Major Programs

Direct and Guaranty Loans

Explanation:

There are three types of loans: Direct, Immediate Participation, and Guaranty. Direct loans are available to all eligible small business owners with special consideration given to Vietnam-era and disabled veterans. These loans are subject to the availability of funds. Immediate participation loans involve the agency directly lending a portion of a loan in participation with a lending institution which provides the balance of needed funds. The majority of SBA's business loans are guaranty loans with funds provided by private lenders and SBA guaranteeing a portion of the loan.

SBA, by law, cannot consider making a direct loan unless a private lender refuses to make a loan itself or take part in an SBA guaranteed loan. Funds authorized for direct loans are limited and demand usually exceeds supply.

The Guaranty Loan program began in 1953 with the enactment of the Small Business Act. Under the guaranty plan, loans are made in participation with banks or other lending institutions. No government money is loaned under the guaranty program. The lending institution provides all the money and SBA guarantees up to 90 percent of the loan in case of default.

Eligibility and Essential Loan Criteria:

Most small businesses, as defined by SBA size standards in the Code of Federal Regulations, are eligible to apply for SBA assistance. Loan criteria includes:

1. Requested funds not available from personal resources without undue personal hardship or from commercial lending institutions on reasonable terms.
2. Ability to operate a business successfully.
3. Good character.
4. Repayment ability.
5. Sufficient equity.
6. Adequate collateral.
7. Loan proceeds may be used for business construction, expansion or conversion; purchase of machinery, equipment, facilities, supplies or materials; and as working capital.

Amounts and Terms of Loans:

Maximum Amount:	Direct	Statutory Limit	$350,000
		Administrative Limit(1)	150,000
	Immed. Part.	up to 75% Statutory Limit	350,000
		Administrative Limit	150,000
	Guaranteed	up to 90%	155,000
		up to 85%	155,100
		or which ever is less	500,000(2)

Maximum Term: 25 years

(1) Administrative limits may be waived, with adequate justification.

(2) Guaranty Loan limit refers to SBA's portion only, not the total amount of the loan.

Community Development Companies

Purpose:

To assist urban and rural communities in stimulating the growth and expansion of small businesses.

Explanation: There are three types of development companies:

- State Development Companies (501).
- Local Development Companies (502).
- Certified Development Companies (503) and (504).

State and Local Development Companies (502) and (502):

State and Local Development Companies provide long term financing to small firms with funds provided by a lending institution and/or SBA direct loans. Both types are corporations chartered to promote economic growth within specific areas. SBA loans to development companies supplement private equity capital and long-term loan funds. While these programs are still available, they have been used on a limited basis since the 503 program was developed.

Certified Development Company Program (503) and (504):

The 503-504 Program is designed to assist community economic development and create or save jobs. The programs enable development companies to extend long-term financing to local or area small firms. A CDC is organized as a private non-profit corporation.

These programs differ from the 501 and 502 programs; they use SBA-guaranteed debentures rather than direct SBA loans, and the 503 and 504 companies are required to have additional capabilities for assisting small businesses.

Requirements:

1. Have professional staff to package, process, close, and service its loans.
2. Be able to provide professional accounting and legal services to small businesses, either by CDC members or on a contractual basis.
3. Have a minimum of 25 members or stockholders, including a representative of the community.
4. Have a defined area of operation, statewide or smaller.
5. Have a five-person board of directors which meets bi-monthly.

Financing Procedure:

1. For projects approved by CDC,, 50 percent of capital must be provided by a local lending institution.
2. SBA "provides" 40 percent by guaranteeing debentures which may not exceed $500,000, nor more than 50 percent of total project cost.
3. CDC provides 10 percent (applicant can provide CDC's share).

Disaster Loans

Purpose:

To provide funds for restoration of the (non-farm) businesses and homes of disaster victims as near as possible to their pre-disaster condition.

Explanation:

SBA establishes on-site offices at disaster locations staffed with experienced personnel to help with loan information, processing and disbursement.

Three types of SBA loans are available:

1. Physical Disaster Business Loans.
2. Disaster Loans for Homes and Personal Property.
3. Economic Injury Disaster Loans for Small Businesses.

Interest Rates for Disaster Loans:

For the first two types of loans, legislation passed by Congress requires a test of victim's ability to obtain funds elsewhere in order to determine the rate of interest charged on loans. The "credit elsewhere" test includes the individual's potential of obtaining funds from non-federal sources, taking into consideration the local financial situation in or near the community where the disaster occurs. For the Economic Injury Loan, no SBA assistance is available if credit can be obtained elsewhere.

Able to Obtain Credit Elsewhere:

The interest rate is based on a formula set by the U. S. Treasury, taking into consideration the cost of money to the government plus up to one percent, not to exceed interest charged in the private market at the time.

Unable to Obtain Credit Elsewhere:

The interest rate will be one-half of the formula interest rate mentioned above.

Actual Interest Rates:

Since interest rates depend on a formula which changes, the actual interest rate in effect is determined at the time of a disaster.

Terms of Loans:

The maximum maturity for most SBA disaster loans is set at 30 years. However, the SBA determines on a case-by-case basis how long an individual will have to repay the loan.

Physical Disaster Business Loans

Eligibility:

Any small business located in a declared disaster area which suffered damage as a result of a physical disaster is eligible to apply for a physical disaster loan to help repair or replace damaged property to its pre-disaster condition. Loans may be used to repair or replace real property, machinery, equipment, fixtures, inventory, and leasehold improvements.

Limitations:

1. Any insurance must be deducted from sustained damage amount to determine amount eligible to borrow.
2. All physical disaster loans to businesses are limited to 85 percent of the verified damage to the business.
3. Loans may not be used to expand or upgrade a business.

Amount and Terms of Loans:

Maximum		$500,000
Maturity	No credit elsewhere: maximum	30 years
	Credit available elsewhere: maximum	3 years

Disaster Loans for Homes and Personal Property

Two types of loans are available under this program: 1. Personal Property Loan
2. Real Property Loan

Eligibility:

Homeowners can apply for both types of loans; renters, only for Personal Property loans.

Personal Property Loans:

Personal property is anything not considered real estate or affixed to the actual structure. Loan may not be used to replace any extraordinarily expensive or irreplaceable items.

Amount:	Maximum	$ 10,000

Real Property Loans:

Loan may be used to repair or replace a structure to pre-disaster conditions. It may not be used to upgrade the structure or make additions to it.

Amount:	Maximum	$ 50,000
Amount:	Combined Home/Personal Property Maximum	$ 55,000

Economic Injury Disaster Loans (EIDL)

Small businesses located in declared disaster areas may apply for Economic Injury Disaster Loans. The purpose of the program is to permit the small business to meet its financial obligations which it could have met had the disaster not occurred. EIDL's are working capital loans and made only to provide relief from economic injury caused directly by the disaster.

Loans may be used to make payments on short-term notes, accounts payable, and installment payments on long-term notes.

Interest Rates: Not to exceed eight percent per year.

Limitations:

1. Loans are limited to maximum of $500,000. However, the actual amount will be based upon the business' actual economic injury.

2. Loan funds may not be used to pay cash dividends or bonuses, or for disbursements to owners, partners, officers, or stockholders not directly related to the performance of services for the business.

Surety Bond Guarantees

Purpose:

The purpose of the Surety Bond Guaranty Program is to make the bonding system available to small contractors who, for whatever reasons, find bonding unavailable to them.

Explanation:

The Surety Company pays the SBA 20 percent of the gross bond premium and the contractor pays SBA a guarantee fee of .5 percent of the contract amount. SBA guarantees the Surety Company up to 90 percent of losses sustained on contracts up to $250,000; up to 80 percent on contract of $250,000 or more; subject to a $500 maximum deductible to the Surety Company regardless of the contract amount.

Eligibility:

Any contractor who is required to have a bid, performance or payment bond in order to obtain a contract and is unable to obtain a bond from the private sector. This includes, but is not limited to, contracting firms in construction, repair, maintenance, service, supply and janitorial work that meet applicable SBA size standards. A qualified small business contractor must have the essential resources and capabilities to complete the contract and pay his financial obligations.

SBA Guarantee:

SBA can guarantee bonds for contracts up to $1 million. However, there is no limit to the number of bonds that can be guaranteed for any one contractor.

Small Business Investment Companies (SBICs)

Purpose:

The Small Business Investment Company Program is the only venture capital program sponsored by the federal government. It makes equity capital and long-term debt available to small firms for their growth, expansion and modernization. SBICs primarily assist small firms with significant growth potential or new small firms in new industries.

Explanation:

SBA licenses, regulates and provides financial assistance to privately owned and operated Small Business Investment Companies. The administration of the SBIC program is handled by SBA's Central Office in Washington, D. C.

The major function of an SBIC is to make "venture" or "risk" investments by supplying equity capital, and extending unsecured loans and loans not fully collateralized, to small enterprises which meet their investment criteria. SBICs are privately capitalized and obtain financial leverage from SBA. They are intended to be profit-making corporations.

In addition to a general SBIC, SBA also licenses a specialized type of SBIC solely to help small businesses owned and managed by socially or economically disadvantaged persons. This type of SBIC is a Section 301(d) SBIC, formerly refereed to as an MESBIC (Minority Enterprise SBIC).

SBA Assistance:

SBA assistance to SBICs is through either the purchase of debentures issued by the company or the guarantee of such debentures.

SBIC Financing of Small Businesses:

SBICs finance small business concerns in several ways. Some receive long term loan financing, others sell debt securities to SBICs with convertible or warrant features and some receive financing through the issuance of equity shares to SBICS.

SPECIAL LOAN PROGRAMS

Small General Contractor Loans

Purpose:

This program is designed to provide financing for the construction and rehabilitation of property to be sold.

Explanation:

This program assists small construction firms with short-term financing. Loan proceeds can be used to finance residential or commercial construction or rehabilitation of property for sale.

Essential Loan Criteria:

1. Contractor must have demonstrated managerial and technical ability in constructing or renovating property of comparable size.
2. Assurance that permanent mortgage money is available.
3. Assurance there is a market for the property.
4. Applicant must have an adequate investment in the property to show that the loan can be repaid from its sale.
5. Loans must be secured by not less than a second lien on the property. The total amount of the first and second liens cannot exceed 80 percent of the contractor's selling price.

Limitations:

1. Not more than five percent of the total loan can be used for paving, curbs, or sidewalks.
2. Not more than 20 percent can be used for the purchase of raw land.
3. The property must be sold to an unaffiliated third party.
4. No SBA funds can be used for operating and renting the building pending sale, nor owning or operating real estate for investment purposes.

Amounts and Terms of Loans:

Maximum Amount:	Direct and Participation	$150,000
	Guaranteed up to 90%, not to exceed	500,000
Maturity:	36 months plus a reasonable time for construction	

Contract Loans

Purpose:

To assist small firms with short-term financing of labor and material costs on contracts in which the contract proceeds are assignable.

Explanation:

SBA assists small businesses with short-term financing of the costs of materials and labor needed to comply with an assignable contract by guaranteeing up to 90 percent of a loan made by a private lender. There is no revolving feature in this program. It involves a loan on a specific contract.

Essential Loan Criteria:

1. Must have been in operation for a period of 12 calendar months prior to the date of application.
2. Proceeds of the contract to be financed must be assignable.
3. Business must have demonstrated ability to complete the contract.
4. Application, with detailed information on the bid or contract, may be made prior to or after a contract is received.

Limitations:

1. Use of loan proceeds is limited to labor and materials.
2. Loans to any business with other outstanding SBA loans must be reduced to stay within the maximum loan limits.
3. Applicant must be current on all payroll taxes and have a repository plan in operation.

Amount and Terms of Loans:

Maximum Amount	Guaranteed (only)	up to 90% of loan not to exceed $500,000
Maturity	12 months from date of first disbursement with exceptions in larger contracts.	

Handicapped Assistance Loans

Purpose:

To assist persons who have a physical, mental, or emotional disability of a permanent nature which in any way limits the selection of any type of employment for which the person would otherwise be qualified.

Explanation:

Handicapped Assistance Loans are available to physically handicapped small business owners and private non-profit organizations which employ handicapped persons and operate in their interest to enable them to produce and provide marketable goods and services. There are two categories of loans:

HAL-1: Loans to public or private, non-profit organizations such as sheltered workshops that employ handicapped individuals.

HAL-2: Loans to businesses owned 100 percent by handicapped individuals.

Essential Loan Criteria:

HAL-1: Organization must be properly licensed under applicable state and IRS regulations.

HAL-2: Application must furnish medical evidence as to the permanent nature of the handicap and the limitations it places on the applicant.

In borderline cases where reasonable doubt exists as to repayment ability, SBA is directed to decide in favor of the applicant.

Limitations:

1. HAL-1 loans may not be used for supportive services for handicapped employees of workshops.

2. No assistance can be provided if funds are available from private or non-profit government sources.

Amount and Terms of Loans:

Maximum Amounts:	Direct and Participation	$150,000
	Guaranteed	up to 90% of loan
		not to exceed $500,000
Maturity :	25 years	

Seasonal Line of Credit Guarantees

Purpose:

To provide short-term financing for small firms having a seasonal loan requirement due to seasonal increase in business activity.

Explanation:

The Seasonal Line of Credit (SLC) program is designed to assist small businesses with seasonal increases in financing needs. It's not designed to be a long-term working capital type of loan but to be secured primarily by the increase in trading assets with the loan being paid as these assets are liquidated at the end of the season.

Essential Loan Criteria:

1. Must have been in operation for a period of 12 calendar months prior to application.
2. Must have established a pattern of seasonal activity.

Limitations:

1. Funds are restricted to increased working capital needs arising from a seasonal upswing in business.
2. Only one SLC may be outstanding to any borrower.
3. Borrower must be out of bank or SBA for a period of 30 days prior to granting an additional SLC.

Amount and Terms of Loans:

Maximum Amount:	Guaranteed (only)	$500,000 or 90% of loan whichever is lesser
Maturity :	12 months from date of first disbursement	

Small Business Energy Loans

Purpose:

The purpose of this program is to help start, continue, or expand small businesses that develop, manufacture, sell, install, or service specific energy production and conservation measures for others.

Explanation:

In addition to the purpose outlined above, loans are also available for engineering, architectural, consulting or other professional services connected with specific energy measures for others.

Essential Loan Criteria:

Loans must be sound enough to reasonably assure repayment but may have a greater acceptable risk than SBA's regular business loans. Therefore, more emphasis is placed on the technical validity of the product or process, the technical qualifications of the applicant's principals and employees, the quality of the product or service, and the financial status of the firm.

Limitations:

Funds generally can't be used for research and development except under special circumstances.

Amount and Terms of Loans:

Maximum Amount:	Direct Administrative limit	$150,000
	Guaranteed	up to 90 % not to exceed $500,000
Maturity :	25 years	

BUSINESS DEVELOPMENT PROGRAMS

General Overview

The mission of the Business Development (BD) Division is to serve as the principal marketing arm of the SBA in targeting, assessing, and meeting the needs of small business. The Business Development programs SBA has established to meet the needs of small business are extensive and diversified.

BD works with a wide variety of "resource partners" in each community to provide quality assistance and to reach the greatest number of small businesses. These partners include educational institutions, Chambers of Commerce, trade associations, the Service Corps of Retired Executives (SCORE) and Active Corps of Executives (ACE) volunteers, state and other federal agencies, and the Wyoming Small Business Development Centers.

Major Programs

Co-Sponsored Business Development Training

SBA co-sponsors Pre-Business Workshops for prospective business owners and those in business less than one year. The workshops provide instruction on financing small business, marketing, accounting, tax and license requirements, forms of business organization, business site selection, personnel management and directions in completing a business plan.

Conferences, clinics and seminars are held for established businesses on specific subjects, such as working capital, forecasting profit and cash flow, personnel management, advertising, agricultural related topics, computers, changes in state and federal tax laws and licensing regulations, doing business with the federal government, etc.

SCORE and ACE

The Service Corps of Retired Executives and the Active Corps of Executives (SCORE/ACE) is an SBA-sponsored, independent organization of successful retired and active business owners who help other established and prospective small business people solve start-up and operating problems through one-on-one counseling. This free counseling is not limited to firms with problems; it is available as well to owners/managers of successful businesses who want to review their objectives and long-range plans for expansion and diversification.

Small Business Development Centers (SBDC)

The Small Business Development Center program is a cooperative effort of educational institutions, the federal government, state and local governments, and the private sector, to provide business management techniques a technology to the small business community.

77-795 0 - 87 - 6

Most SBDCs are headquartered in "lead" universities. In Wyoming the SBDC is headquartered at Casper College with sub-centers sponsored by the other state community colleges and the University of Wyoming. The Centers in Casper, Rock Springs, and Powell are located in downtown storefronts, easily accessible to small business clients. The Cheyenne, Douglas, and Gillette Centers are on the campus of the local Community Colleges, and the Laramie Center is in the University of Wyoming College of Business and Industry.

Small business counseling and training services are provided by the SBDC Directors, SCORE/ACE volunteers, faculty of the sponsoring institutions, trade associations, and by paid consultants. The SBDC can provide assistance in basic small business management, engineering and technical problems, in the development of feasibility studies, "how-to" assistance for exporters, and business law information and guidance.

Small Business Institute (SBI)

Under the Small Business Institute Program, at the beginning of each Fiscal Year, the University of Wyoming enters into a contract with SBA for a specific number of counseling cases to be completed for that Fiscal Year.

Senior and graduate students of the Schools of Business Administration, under the direction of faculty advisors, provide on-site management counseling to small firms. Counseling is provided in accounting, business start-up, marketing, reaearch and comparative analysis, and feasibility studies.

The students receive academic credit for their work, and the University receives $400 for each case that is completed satisfactorily. Twenty-seven cases were contracted for the Fiscal Year October 1, 1986, to September 30, 1987.

Management, Marketing and Technical Publications

Management, marketing and technical publications are issued by SBA on hundreds of topics. These publications are available to the general public for a nominal fee. Brochures listing available publications and ordering instructions can be obtained from the Casper District Office.

SPECIAL ASSISTANCE PROGRAMS

International Trade Counseling

International trade counseling and training is available to small business owners/managers who are interested in entering the overseas marketplace, as well as those desiring to expand their current export operations. Emphasis is placed on the practical application of successful exporting and importing procedures to small business.

SBA works closely with the U. S. Department of Commerce, other government agencies, and private organizations, to help develop programs to aid small firms in doing business abroad. An example of such a cooperative program is the tours which have been arranged for small business owners to attend trade fairs or meet with business leaders in foreign countries. These are often industry-specific to countries interested in particular products produced by American's small firms.

Women Business Ownership and Veterans Assistance

SBA makes a special effort to help women and veterans go into business or expand their existing small firms. Each SBA office has a Women's Business Ownership Representative and Veterans Affairs Representative; they assist women and veterans with loans, training and/or procurement assistance. With women's or veterans' groups, the Agency sponsors or co-sponsors special business training workshops and conferences.

Private Sector Initiative

SBA participates under a set of strict regulations on a cooperative basis with one or more "for-profit" companies to promote the interests and viability of the small business community. These endeavors can be in any of the following forms: 1) training, 2) publications, or 3) putting on an event. The Private Sector Initiative is pioneering ways to collaborate between government and business to turn concerns into action, to forge relationships that improve small business assistance, and to generate economic growth. This is a networking system involving a variety of resources where the SBA works mainly as the catalyst to help assist small business.

PROCUREMENT ASSISTANCE PROGRAMS

General Overview

Each year, the federal government contracts with private companies for billions of dollars in goods and services. SBA helps small businesses obtain a fair share of this government business, as required by law.

To implement that law, SBA:

- Helps federal agencies direct federal government contracts to small businesses.
- Helps small businesses obtain subcontracts from prime contractors.
- Refers capable small businesses to federal prime contractors.
- Monitors federal contracts to small business firms.
- Determines size status for participation in federal programs.

Major Programs

Prime Contracts Program

Purpose:

The Prime Contracts Program insures that a fair proportion of the total purchases of goods and services and sale of Government property is awarded to small businesses through competition and assists small firms in obtaining bidding opportunities at federal agencies.

Explanation:

By law, federal agencies must "set aside"a fair portion of federal purchase of goods and services and sale of Government property, for exclusive bidding by small businesses.

SBA Procurement Center Representatives (PCRs) stationed at major military and civilian procurement installations have statutory authority to request a "set-aside" and appeal "non-set-aside" decisions by federal agencies. Set-asides are appropriate when there is a reasonable expectation of adequate competition resulting in a reasonable price to the government. PCRs also recommend additional "set-asides", refer small businesses to federal contracting officers, assist small concerns with contracting problems and recommend realization of unduly restrictive specifications.

The Breakout Procurement Representative Program is an off-shoot of the PCR program. A "breakout" team of four members is assigned to each of 52 major acquisition centers that purchase over $150 million a year in noncommercial items. They review major procurement requirements and identify items which can be supplied by small businesses and "broken out" for separate bids; they make special attempts to direct military spare parts contracts to small companies.

Subcontracting Program

Purpose:

SBA develops and promotes subcontracting opportunities for small business by referring qualified firms to major prime contractors.

Explanation:

By law, large government prime contractors must give small concerns a chance to compete for subcontracts. SBA's Commercial Marketing Specialists monitor prime contractor compliance and contract performance. SBA reports to Congress annually on the success of this program.

Certificate of Competency Program

Purpose:

To assist small firms in obtaining federal contracts for which they are the low bidder and are qualified to perform.

Explanation:

If a small firm is low bidder on a federal contract and the contracting officer questions the firm's ability to perform the contract, the firm may apply to SBA for a Certificate of Competency (COC). When a firm applies for a COC, SBA makes an on-site study of the firm's facilities, management, performance record, and production capacity in relationship to the contract in question. If SBA determines the firm is capable of performing the contract within the required time period, the Agency issues a COC attesting to that fact. The contracting officer must then award the contract to the small firm.

Procurement Automated Source System (PASS)

Purpose:

To provide a nation-wide listing of small businesses and their capabilities so federal procurement officers and private contractors can readily identify small firms capable of performing federal work.

Explanation:

PASS is a computerized system with a central data bank of small firms and their capability profiles. PASS has over 200 computer terminals in SBA Regional and district offices, major federal procurement centers and prime contract offices. By the end of Fiscal 1987, it is anticipated PASS will be the major government-wide source list for federal procurement offices and their prime contractors.

Small Business Innovation Research Program (SBIR)

Purpose:

The Small Business Innovation Research Program has three purposes:

- To stimulate technological innovation
- To encourage small high-technology firms to participate in government research
- To provide incentives for the conversion of research results into commercial applications.

Explanation:

Twelve agencies, with outside research and development (R&D) budgets of more than $100 million a year, must have small business R&D goals and participate in the SBIR program. SBA monitors program compliance and reports to Congress on its success.

Each agency provides its own solicitations in selected technical areas. SBA publishes quarterly Pre-Solicitation Announcements for mailing to small concerns on its mailing list and to each SBA district office. Announcements contain information about when solicitations will be made and where details are available. A small business must get the specific data from the agency concerned and send its responses to that agency.

Program Phases:

1. Phase I - Agencies will award up to $50,000 for each acceptable proposal submitted by a small firm. The funds will be used to develop the original idea.
2. Phase II - Each agency will judge the results from Phase I. If the agency decides the initial work has promise, a second funding agreement will be awarded, about $500,000, so the original idea can be developed to meet agency needs.
3. Phase III - Private sector investment and support will be sought by the small company so the innovative idea can be brought to the marketplace.

Small Business Size Standards

Purpose:

SBA is authorized to establish small business size standards for federal programs.

Explanation:

Size standards establish eligibility for the following:

- Financial assistance loans
- Bid and performance bond guarantees
- SBA 8(a) program participation
- Registration in PASS
- To bid and receive contracts reserved for small business bidders
- Participation in federally funded SBIR programs
- Exemption from certain regulations and reporting requirements contractually imposed on large businesses

Federal agencies with acquisition authority or engaged in timber sales must accept an SBA determination of a firm's small business size status.

District Office Procurement Participation Program

Purpose:

To increase acquisition assistance to small concerns throughout the country, one person in each district office provides guidance to small business owners in doing business with the federal government. The district office also provides acquisition information to its Business Development resource partners for distribution to their clients.

Explanation:

The program at the district office level includes:

- Promoting the SBA Procurement Assistance at the local level
- Promoting and providing for PASS registration
- Participating in state and federal agency procurement fairs
- Organizing procurement conferences to help small business learn how to bid and perform on federal contracts

The Regional procurement assistance staff provides necessary technical guidance requested by district offices.

MINORITY SMALL BUSINESS/CAPITAL OWNERSHIP DEVELOPMENT PROGRAMS

General Overview

The Minority Small Business and Capital Ownership Development (MSB/COD) Program promotes and helps provide equal access for socially and economically disadvantaged individuals to the small business sector of the nation's economy. The program recognizes the historical lack of equal access minorities and other disadvantaged persons have had to the resources necessary to develop small businesses.

Socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, and other minorities.

Major Programs

The 8(a) Program

Purpose:

This program channels non-competitive federal contracts to small businesses owned and controlled by eligible disadvantaged persons to help them become self-sufficient and independently competitive. Such contracts provide minority-owned firms the opportunity to develop their business expertise and a history of successful contract completions.

Explanation:

SBA acts as the prime contractor for federal department and agencies which offer contracts to SBA for the program. SBA fulfills these prime contracts by subcontracting the work to firms certified for participation in the 8(a) program.

To be eligible for the program, the minority firm must be determined "socially and economically disadvantaged" by the Agency's Associate Administrator for MSB/COD programs, and SBA must determine there is "contract support" for the business of the firm, i.e., that federal agencies do purchase the goods or services the minority-owned firm sells.

SBA and the 8(a) firm determine the proportion of non-competitive assistance the business will need to become viable and the length of time it will need such assistance. The maximum time a firm is permitted to remain in the program is 7 years.

The 7(j) Management Assistance Program

Purpose:

SBA provides management and technical assistance to economically and/or socially disadvantaged businesses, and to firms certified for the 8(a) program.

Explanation:

Assistance is provided by private sector consulting and accounting firms through competitive contracts, grants or cooperative agreements. Services include planning and research (including feasibility studies and market research), business counseling, management training, legal, accounting and bookkeeping assistance, etc.

OFFICE OF ADVOCACY

The SBA Office of Advocacy is mandated by Congress to be an advocate for small business. It has two basic functions: to ease the burdens on small business created by actions of the federal government, and to maximize the ability of small firms to benefit from federal programs.

Purpose:

To accomplish these objectives, Congress specified five basic, statutory duties for the SBA Office of Advocacy:

- Serve as a focal point for the receipt of complaints, criticisms and suggestions concerning the policies and activities of any part of the federal government which affects small business.
- Counsel small businesses on how to resolve problems in dealing with the federal government.
- Develop proposals for changes in federal government to better carry out the mandate of the Small Business Act, that the government..."aid, counsel, assist, and protect...the interests of small business concerns in order to preserve free competitive enterprise...and to communicate such proposals to the appropriate federal agencies."
- Represent small businesses before other federal agencies whose actions affect small business.
- Enlist the help of government and private groups to disseminate information about the programs and services of the federal government and how small businesses can use these for their benefit.

All offices within SBA -- not just the Advocacy Office -- have an advocacy function as they carry out their particular programs in financial, procurement and management assistance. Because of that emphasis, much of the Agency's day-to-day service consists of advocacy work.

Activities:

The Advocacy Office assists small business owners with problems they encounter with other federal agencies through providing information on a toll-free "Answer Desk" program. The answer desk can be reached at 1-800-368-5855.

Supplementing its Washington staff, Advocacy has a Regional Advocate in each of the 10 SBA Regional Offices. They handle casework, deal with federal and state agencies, maintain contact with small business councils and trade and professional association, keep the local small business communities informed about government policies that may affect them, monitor state legislation, and act as an information resources.

Advocacy performs both general and specific research. It helps gather small business data on which the federal government can make sound policy decisions

on matters affecting small business, and assists in the preparation of the President's Annual Report on the State of Small Business. Other research efforts concentrate on continually assessing the relative position of small business in the economy -- data necessary for small business growth and prosperity in the years ahead.

The Regulatory Flexibility Act, enacted in 1980, assigns to Advocacy the responsibility to monitor paperwork and regulation requirements issued by federal agencies as they pertain to small business, and to make efforts to reduce the regulatory burden on small firms. Advocacy has worked with the Vice President's Task Force on Regulation in identifying federal regulations that have a particular adverse effect on small business. Advocacy also is sponsoring research to develop better methods to measure the impact of government regulations on small firms.

The Office assists the State White House Conferences on Small Business by providing an "Issue Brief" of concerns to be discussed by small business owner attendees of these conferences. Local SBA offices assist state White House Conferences with organizational details and inform small business owners about the opportunity to attend the Conferences and present their recommendations. Following the National White House Conference on Small Business, the Office of Advocacy is be responsible for monitoring the progress on the recommendations that result from the Conference, and reporting annually to Congress on that progress for three years.

THE SBA LAWYER

Responsibility for all legal activities in the Small Business Administration lies with the General Counsel. The General Counsel acts through a staff of approximately 30 attorneys in the Washington headquarters and through some 160 attorneys in field offices of the country's major cities.

SBA lawyers provide legal advice with respect to all SBA programs and are engaged in all phases of the litigation aspects of civil and administrative proceedings concerning the Agency.

The Regional Counsel:

- Coordinates and evaluates provision of legal services for program operations throughout the region and conducts a continuing review of legal services, recommending remedial actions when necessary.
- Advises and assists the Regional Administrator and regional program officials on legal matters.
- Maintains liaison with the Department of Justice and other federal, state and local agencies.
- Reviews all adverse and disciplinary personnel actions. Represents the Agency before Administrative Law Judges or hearing officers, if personnel matters go to a hearing.
- Advises in matters concerning the Privacy Act and Freedom of Information Act.

The District Counsel:

- Coordinates the provision of legal services for program operations within the district.
- Provides legal advice, assistance or service in loan processing, loan eligibility, size determinations, loan administration, liquidation, litigation, administration, and procurement.
- Closes and disburses all SBA direct loans within the district.
- Provides advice and assistance to banks on closing and disbursing guaranteed loans.
- Maintains liaison with U. S. Attorney's Office and other governmental agencies having activities related to the legal functions of the district.
- Serves as a Special Assistant U. S. Attorney relating to legal functions and representation of the Agency.

Senator WALLOP. Steve.

STATEMENT OF STEVEN DESPAIN, ASSISTANT DISTRICT DIRECTOR, BUSINESS DEVELOPMENT, WYOMING SBA, CASPER, WY

Mr. DESPAIN. I appreciate the opportunity to be here today.

I represent the Business Development Division of the U.S. Small Business Administration, and basically the Business Development Division is the marketing arm of the SBA.

Our mission is to go out and target and assess the needs of small business within the State of Wyoming, and then to come up with some ideas and some projects and programs as to how to meet those needs.

We don't get the visibility that our financial divisions get. We're very low-profile. We're really not interested in the public part. We're interested in the economic health of the small business in Wyoming, and from the nature of our State, that includes nearly every business in the State of Wyoming.

In order to do our job, we work through a number of resource partners. We work with the SCORE/ACE Program, which we fund. SCORE/ACE is the Service Corps of Retired Executives and the Active Corps of Executives.

This is a group of people dedicated to small business. They volunteer their time. They receive no salary. We pick up their travel expense.

They are willing to go out and help small businesses—people wanting to get into business; they counsel the businesses that are in trouble, or any business that operates in the State of Wyoming. They're willing to go out and help counsel on any particular area where they need help.

We work with and fund the small business development centers in Wyoming. We have the managerial responsibility for the small business development centers. These are tied in with all 7 community colleges in the State of Wyoming, and our State Director will talk more about those later.

We work with the Small Business Institute at the University of Wyoming. This is where faculty and upper-level graduate students work on projects to help people go into business, or people that have specific problems. It's a semester-long course. Students go out and work with businesses, do marketing assessments, help them with business plans. That's a continuing thing.

We try to work with all the different agencies around the State. We work with the EDS board, we work with the chambers of commerce. Basically, we co-sponsor projects. We can also supply speakers.

We supply the expertise in certain areas. And one of those areas that we are supplying expertise is procurement. We are trying to train SCORE members in procurement, and how to be helpful to small business.

We also participated in the Procurement Conference in Cheyenne a month ago.

The SBA just sponsored a conference, it was a Native-American Conference in Denver. People attended from a six-State area. It was entitled "How our reservations can get Federal Government or

Prime Contracting Business." We have approximately 80 percent unemployment on our reservations, so this is of prime concern to us.

We will be working with the EDS board September 10, in Casper, on their procurement conference and will be supplying small business innovation and research information.

There are billions of dollars that are put out by the U.S. Government for business research and innovation, and it will be up to us to help small business find out how they can get a portion of that.

We also provide an advocacy role. We have a hotline in Washington, DC, where people who need to know about the U.S. Government can call the agency and get assistance as to where they should go, or how they should go about getting help.

We have a Womens Program, we have a Veterans Program, and we try to help minority small businesses in any way we can.

And just to reiterate: Our main objective is the economic health and well-being of small business in Wyoming.

Senator WALLOP. All right. Thank you, very much. Mac.

STATEMENT OF M.C. BRYANT, WYOMING SMALL BUSINESS DEVELOPMENT CENTER, CASPER, WY

Mr. BRYANT. Thank you, Senator, and thanks also, for inviting me here today.

Our program, the Wyoming Small Business Development Center Network started in 1985, so we're not very old, but I think we have accomplished quite a bit, in the last couple of years.

What we do, basically, is we offer no-cost counseling to the small businesses of the State, which as we all know are most of the businesses in Wyoming.

We offer business management seminars, classes, and conferences—in other words, group training opportunities, and we operate through the seven community colleges, the University of Wyoming—and are also, as Steve mentioned, co-sponsored by the Small Business Administration.

One of the things that occurred to me today as I was listening, that may be of interest to the audience as well as yourself, as we're looking for answers today, as to how we can help the individual small businesses, is:

We are developing what we call the Wyoming Investors Network. It's a computerized 'dating service', if you will. It's a match making effort to gather together the small businesses which would like to have equity capital, and the equity people, the investors, who would like to invest in small businesses, by profile on computer. That's not quite up and running yet, but we hope in the next few months it will be working, and if anyone is interested in that, I would encourage them to contact myself or our office in Casper.

As far as what we've been doing the last 2½ years, I might just mention some figures, so you can get a little idea of the scope of our activity here.

In the last year, in the last 12 months, we have spent about 2,500 hours counseling small business clients throughout the State. That represents approximately 876 small business clients.

We've conducted about 176 seminars and classes, and through those seminars and classes, touched about 5,300 people.

So we have been pretty busy getting involved with the individual small businesses of Wyoming, and I hope helping them.

We are a statewide operation, as I mentioned—and I might mention, we are located in Casper, Lander, Douglas, Powell, Gillette, Cheyenne, Laramie and Rock Springs.

I'd also, before I finish giving the generalities of what kind of organism we are, I guess I'd like to mention that it's very important to us, that we work with other groups in the State; and in that regard, I'd like to say we try very hard to work with local chambers of commerce and the SCORE/ACE Program that Steve Despain mentioned. So that's kind of what we are, as far as a program goes.

And I'd like to take a couple minutes at the end of my presentation, here, to mention one of our exciting new programs that has been involved with a lot of folks here in the State—and it's called the Wyoming Superhost Program.

It basically is a hospitality training conference that we, last year, took to 22 cities in Wyoming, and we had 41 sessions of that.

As mentioned by the Wyoming Futures representative here today, one of the things we're trying to do to stimulate the economy here in Wyoming is teach our people to be nice to our visitors when they come—and hopefully, a little better informed, too, so we know to tell them where to go, and why they should maybe spend a little more time here.

In trying to capsulize this, I came up with four R's, as far as what in the world the Superhost Program is: Remind, Realize, Recapture, and Re-energize.

The Superhost strives to remind us to be courteous, warm; and informed when our visitors come to Wyoming;

It strives to realize how important tourists are to us—after all, the tourism industry employs nearly 20,000 folks, here in Wyoming; so it's an important industry;

It strives to help us recapture the dollars that the tourists perhaps are spending elsewhere. The average tourist, by some figures, spends between $30 and $50 each day, when he passes through the State—bus passengers, that perhaps goes up to nearly $83 a day. Significant if we can increase a few of those;

Re-energize: We'd like to re-energize our economy, the tourism portion of our economy, by basically using the Golden Rule, to tourists: If we treat them nicely, encourage them to stay here longer, give them good information so they know where to go, hopefully they will stay here a little longer, and, in the process, inject some more funds into our economy.

That concludes my remarks—but before I give up, here, I would like to give you something. We hate to have you leave our State empty-handed, with just ideas; so I'd like to explain to the audience, that.

I believe it was March or April, I was in your office, and you agreed to kick off the Superhost Program; and we gave you the first button, and you featured us in a lot of your publicity—which was very helpful to us, and I think an indication of your interest in

the small business community of Wyoming, as evidenced by your Seat on this Committee.

So what I have, here, Senator, is a plaque from the Superhost's effort, that says, "The Wyoming Superhost Sponsor 1987 Malcolm Wallop, from us, the Wyoming Small Business Development Center Network."

We'd like to thank you, for your help in that—and at this time, I'd like to present this to you.

Senator WALLOP. Well, thank you. I did not come to get awards today. [General applause.]

It has a little red cowboy on there, with stars coming out of him. I hope that isn't pain.

[The prepared statement of Mr. Bryant follows:]

SMALL BUSINESS DEVELOPMENT CENTER
State Network Office
130 N. ASH, SUITE A • CASPER, WYOMING 82601 • (307) 235-4825

TESTIMONY OF M.C. BRYANT,
WYOMING SMALL BUSINESS DEVELOPMENT CENTER
STATE DIRECTOR

U.S. SENATE SMALL BUSINESS COMMITTEE HEARING

AUGUST 14, 1987, WORLAND, WYOMING
ELKS CLUB

Senator Wallop, participants, and guests, my name is Mac Bryant, the State Director of the Wyoming Small Business Development Center network. Our program began in March of 1985 and is funded by the State of Wyoming, the U.S. Small Business Administration, and the eight institutions of higher education in Wyoming.

The Wyoming Small Business Development Center network exists to offer business management assistance to the small businesses of Wyoming. The two primary ways that we do this is (1) through offering no-cost management counseling to new and existing businesses and (2) through offering educational seminars and classes for small businesses. Our services are delivered through our eight Center Directors, volunteer counselors and in some cases, paid consultants.

Although the final figures are not yet totally verified, it appears that during the last 12 month period we have:

COUNSELED 876 CLIENTS,

SPENT 2,450 HOURS;

HELD 176 SEMINARS,

WITH 5,300 PEOPLE ATTENDING.

These figures represent an average 27 percent increase in service volume from last year, our first year of existence.

Our Centers are sponsored by each of our seven Community Colleges and the University of Wyoming. Centers are located

in Lander, Douglas, Powell, Gillette, Cheyenne, Laramie, Rock Springs, and Casper. Casper College is the lead institution responsible for the organization, budgeting and oversight of the network.

The WSBDC also assists small businesses in areas other than counseling, seminars, and classes. The network is currently in the final stages of developing the Wyoming Investors Network, which will match interested investors with small businesses desiring "gap" equity financing. This matchmaking service will occur via computers and is seen as an essential ingredient in the recipe for Wyoming's economic recovery.

The seminar and class activity which WSBDC produces covers such topics as computers, the business plan, good management techniques, government regulations, personnel, financial projections, recordkeeping, marketing and advertising techniques.

Last year WSBDC instituted a very successful series of hospitality training workshops called Wyoming SUPERHOST! This new series was developed to assist front line people in their efforts to be hospitable to the summer tourists who visit Wyoming. SUPERHOST! visited 22 Wyoming communities, touching hundreds of our residents and helping them to "put their best food forward" with Wyoming tourists. The essence of SUPERHOST! can be profiled in these four "R's":

1. REMIND us to be courteous, friendly, and informed about Wyoming and our local communities.

2. REALIZE how important tourists are to our State's economy (nearly 20,000 jobs; $780 million annual expenditures by tourists; $71 million generated annually in taxes to Wyoming).

3. RECAPTURE the tourist dollars that Wyoming is missing. Wyoming tourists spend between $30.00 - $83.00 daily.

4. RE-ENERGIZE our economy by applying the Golden Rule to tourists. If we treat them as we would like to be treated, they will enjoy their Wyoming vacation more, spend more time in Wyoming and that will lead to strengthening the tourism sector of Wyoming's economy.

The Wyoming Small Business Development Center network is not the total answer to making Wyoming small businesses more effective and more profitable. Much of that answer lies within the heart of the Wyoming entrepreneur, how hard he

wants to work at his business, how well-prepared he is, and how willing he is to solicit and listen to good advice.

But, the WSBDC does have much to offer to new and existing small businesses of Wyoming. We are dedicated to helping the business owner determine the validity of his ideas, and to teaching him the basic business management skills necessary to have a greater prospect for success.

Working with local Chambers of Commerce, the SCORE/ACE program, the U.S. Small Business Administration, the Wyoming Economic Development and Stabilization Board and others, our centers do all they possibly can to make things easier and more profitable for the small businesses of our great state.

Senator WALLOP. Thank you, and thanks to the panel. I have just a couple of questions.

Joe, one of the things we have heard this morning, from Mrs. Seger, and from, let's see, Randy Carter.

The process of getting a red light or a green light, in terms of a loan, takes a long time. I think Mrs. Seger said that she is now running into 7 months. We heard that the Ehman Engineering had the project approved in March 1986, I think, and still nothing has happened.

What can we do? What can be done to speed up that process and provide them with sort of an instant response that is complete enough that they can comply or know that they cannot comply and go somewhere else?

Mr. EVANS. I would guess, that right now, there are two problems, at least with Amendment Four, that the board is trying to deal with.

No. 1, the fact that it is a new program, and it was just authorized by the legislature—and that the board met for the first time, I think around the 1st of June; so they haven't been in effect, very long.

No. 2, is that they have been trying to—they only have one loan officer, for the entire—for both programs, for both the Block Grant and Amendment Four.

They have been trying to hire on two more loan officers, but they have not been able to find people who qualify to do that at the salaries they are allowed to pay for those positions.

Senator WALLOP. Are those legislatively limited salaries?

Mr. EVANS. As I understand, limited by the personnel by the type of work they'll be doing; and they can't find people who will be qualified at the salary allowed.

So there's only one loan officer, and that, of course, is causing a backlog of looking through applications and getting the information back to the people who are applying.

The Block Grant Program, of course, is separate from that. We've been running loans through that since 1985. I think the process that that is going through is smoother, now, despite the fact that it's a Federal program with Federal regulations, that the Amendment Four doesn't have—because it's been in place longer, and it's smoother.

But there is still only one loan officer for that, for both planning and for the Loan Program; and they are assigning some of us to do work in that.

But they still have to go through separate loan committees, as I mentioned before: The Investment Funding Committee for Amendment Four, the separate for the board, for economic development—which is a great sub-problem.

Senator WALLOP. What kinds of impediments stop your decision-making process? And I guess what I am asking: What should we be looking at?

Mr. EVANS. Well, nothing at the Federal level, in terms of impediments. I'm talking if they haven't got an environmental review done on the site, they might not get their funds until that's done. That's not what's stopping the funds at the Block Grant level.

Senator WALLOP. It just seems that one of the things that affects businesses so much, is time. You know, what they need are decisions.

When you are sitting there with your own capital at risk, and, you can't move, you will go to the area or to the source which permits you to move.

And if that is out of State, that sort of hurts the purpose for which the board was set up. The same is true with the WCDA.

It just seems to me that out of all of this, as each of us learn, maybe one of the things that can take place is that, we've got a Senator back there who might be able to take back a helpful message, that if you're going to have these things functioning, then you're going to have to be able to pay a salary that permits them to function.

Mr. EVANS. One of the other problems is that I know, that during the course of the discussions for legislation for Amendment Four, there was tremendous discussion in the legislature on how much risktaking the State should have with taxpayer dollars. I think the board has that same conundrum: they don't know just how far to go with risk.

There are bankers on the board, who are, of course, concerned with that end of it—of collateral, and the risk of the loan; and others who want it to be more of a venture capital fund.

And that is not something that is going to be resolved very easily, and this is something that is probably just going to have to be dealt with.

Senator WALLOP. Well, Gordon, you mentioned the Wyoming Industrial Development Corp. I had some, in my other life—and admittedly, that was 11 years ago—some experience with them; but at the time, at least, their interest was so substantially higher than market interest, that it was really not very attractive—or their requirements for participation, to make up for that, were also not really very attractive.

So in terms of venture capital, while they did get some things going, the average small business venture in Wyoming probably could not participate.

If you had some really rare thing that was certain to blow through and get you out the other side, in a little while, that was good; but then, on the other hand, they did not need that kind of an investment when they had that kind of a venture.

So I guess still the thing that needs to be done, despite the fact of your testimony, George and Joe, and what has been done.

We keep hearing that Wyoming is a capital-short State, and that capital is available for things that are not risky; and things that are not risky probably do not have much promise of growth, or probably have not much need of capital.

So, how or are we going to be able to decide what risk we will take? I don't know where the Federal role in that is—and I'm seeking counsel now.

I need to know, Gordon, when I heard what you say——

Mr. ROE. Senator, I've just returned after spending 3 years in our national office in Washington, DC—and I was born and raised in Lander, so I was glad to come home.

But one of the things I discovered, in coming back, and wondering why our Wyoming people had not taken advantage of our Economic Development Program, I found that WDIC primarily, as a certified development lender, wanted to own the asset and only lease the asset to the small business concern.

As a result, under our various programs, that's what they did: For example, they're a non-bank lender. They're also, they borrow economic money from us, and relend it. But in most of those cases, they have wanted to be an investor speculating on a future market.

And I don't see their role as that. I think they should be a conduit to the small business person, to let them be the investor, speculator, and owner of the asset.

The Economic Program we're talking about here—that is, where the bank is in the first mortgage position—did not allow WIDC to be, and obviously didn't allow them to be in a first-mortgage position, because that's where the bank was.

So they decided, I think they decided, to back off—not publicize the program. Even though SBA was trying to push it, they seemed to be backing up solid.

Well, there's been a recent executive change in WIDC. The board, they're in dire straits, right now. The board met yesterday to decide their future. I've not heard their decisions yet.

I did address that organization, briefly, and I explained to them, as I've been explaining to the bankers and the State officials, that I see our role here: I'm seeking a conduit, if you will, a State organization to pass through the ownership to the small business person, and let them reap their own rewards.

And so, but I appreciate your comment, there.

Senator WALLOP. Well, I want to thank you all. It is clear that while we have lots of things that we have done, that there is much more that we must do.

But Joe, there are a couple of other things that I just really think that we must do:

Somebody has to decide who is going to develop and maintain this data base, that is so necessary. We have heard so many people talk about it. Do you envision the EDS board as being the custodian and developer of that?

Mr. EVANS. I would think it would be the logical place as the economic development agency of the State. Obviously, there is going to be a lot of coordination with other agencies, and I think there is that, in general; but it should be, in my opinion, the lead agency in that kind of a thing.

Senator WALLOP. Well, if they are, then let me suggest that there is another thing that the data base must contain—and I talked with Bill about it in February and I still think that it is incredibly important.

One of the things that is necessary in attracting new businesses—and you talked about the study, George, here—is what our business climate is.

Now, the first thing our business climate is, is that we probably have the best tax climate, maybe in America, but certainly anywhere in our region.

I get so damned frustrated, I get on the airline coming out here, and here is an advertisement for Virginia that says, "Come to Vir-

ginia. It's a great place to locate your business. We haven't increased our corporate taxes in 10 years."

And nobody knows that Wyoming has no corporate taxes. Nobody knows that Wyoming has no personal income taxes.

One of the things Ken Brown asked me, "why don't you guys go out and do some selling?"

We need some things to sell with—and one of the things that would really be helpful is a tax comparison between Wyoming and many of the States around it—just a little sheet.

Mr. AXLUND. You need a study.

Senator WALLOP. We don't need a study. The study is developed. I give somebody a book like that, they're going to go to Virginia.

The truth of it is you need a little side-by-side sheet, sitting right there in every real estate office. Every one of these main street organizations ought to have thousands of them.

And, you know, the first time somebody says, "why should I come to Wyoming?" "Here is the first reason." Somebody has to develop that.

And then the other thing is: Is this ability to know who buys what, who sells what, who makes what, who is where, what is in Wyoming; because those are really important pieces of information to be able to give quickly.

And the study is great, having attracted their interest with something that they can understand on the bases and they will use that data base to go ahead and finish the rest of it, but we need some little sales pitches to promote ourselves.

Mr. EVANS. The EDS board is in the process of developing those. We are coming out with a brochure talking about the business climate of the State of Wyoming, the quality of the life, the taxes, and the transportation availability, and then that will be followed up with a document that will do the same thing, but obviously in much more detail, for those who, having seen the original document, might be more interested.

We have also placed a series of ads in Business Facilities and magazines like that, that are question-and-answer ads, and they are large-print, single page:

"Question: What kind of tax incentive does Wyoming give out for corporate income tax?"

"Answer. None, because we have no corporate income tax."

And then it gives a phone number, and that kind of thing, to call; so that process is being undertaken, although it's not as far along now, as maybe it should be, but we are doing it.

Senator WALLOP. Well, let me just suggest, that for real estates, and chambers of commerce, and offices, and things like that, that, hands-down, the first thing that gets the interest is to get it on a little card like this. Not with a question/answer; just say, "no corporate income tax, no personal income tax—great place to die." (General laughter.)

You know, inheritance taxes are low. But that is a tremendous, tremendous promotional tool for a real estate agent or for a chamber of commerce, and indeed, for yourselves; and then the broader brochure, followed by the studies that have been developed here.

I could use those things. I could use a little thing like that, with taxes on it.

A lot of times, in Washington, people say, "tell me about Wyoming," and I would love to be able to give that to them. That is quality of life. And the rest of it is partly already our reputation.

The other thing I think we need to do in Wyoming, because I have had trouble with it already. We need to get some linguists—people who speak French, and German, and Japanese, at least know where they are, so that if we are going to get a trade mission to come in here, that we can have somebody along with them, that is intelligent and knowledgeable about Wyoming—and that can be on a piece-work basis, and able to be with them and talk with them in their tongue.

Because if we are going to attract the kind of international world that is going to broaden our small business base, the first thing that they are going to do is to get on a telephone and find out if there is somebody who can talk with them over here.

And it is just a suggestion, but I have had trouble with it, that linguists are important in the modern era.

Now, I have taken too long. Thank you all, very much. I really appreciate your efforts.

Senator WALLOP. Now we go quickly to the last panel. It is an open panel: Peggy Truman of Worland, Mike Long of Worland, and Ben Weeks of Lander.

And if I can see—well, we are out of our welcome, in here, because the luncheon has got to be served back there, I think.

So, Peggy, thank you for your patience. Please begin.

STATEMENT OF PEGGY TRUMAN, GRANDMA'S ROCKER, WORLAND, WY

Ms. TRUMAN. Thank you, for bringing the Senate hearing to Worland. We're very proud to have it here.

My motto is fast becoming, "if I haven't called you, it's because I don't know your number."

I represent Grandma's Rocker; and Grandma's Rocker is a day care business. I have been in business for 6 years.

I started watching 3 to 6 children, and now have a business that will include service to 83 families this fall. My facility, when completed, will serve approximately 300 different families. I also have a small business that provides child transportation for working parents.

The reason I'm here at this hearing is to tell you that, after contacting 22 State and Federal agencies, I find that the uniqueness of a day care business is not recognized by the State and Federal agencies; therefore, development assistance in dollars and business counseling is not adequate.

To run a good day care business, providing activities involving 12 children, it becomes like running an institution such as a nursing home. It is not a small home-developed cottage industry. There are regulations to fit my operation, but my operation does not fit any of the regulations of funding sources.

The problems I have encountered in developing my business are: in the expense of remodeling the facility to meet State and Federal guidelines, and to have an adequate facility to meet my standards, I incurred a substantial debt.

The stringent guidelines for taking care of 12 or more children—and I don't disagree with any of these guidelines—are 35 square feet per child, one bath per 11 children, a commercial kitchen, sanitized finishes, totally fenced yard with safe play areas—which is 75 square feet per child—current-code plumbing and electrical wiring, and so forth, which I have included in my documentation that you can look at.

Neal Blumenrader, former State compliance officer, stated in a letter to me, "these facilities are more regulated than a commercial restaurant."

The expense of educated staff and constant curriculum development is the other expense I have incurred.

In order to seek out low-interest loans and/or low guarantees, I have contacted SBA, EDS board, link deposit, and so forth; and to this date, I have not been able to find the financing needed from the public sector.

I am not the only person with this problem. I personally know of other day care operators with similar difficulties, and I have enclosed a letter from another woman who attempted to start a day care center business in Worland and gave up.

Also enclosed is a letter from an executive director of NapCap, who, after study, chose not to establish a Day Care Program because of the expense involved. Mr. Stallings says, in a letter to me, in brief:

> Operating a top-quality day care facility is an expensive operation and one for which DPASS does not provide adequate reimbursement. I salute you on your effort to accomplish this in Worland. As an employer, I know the value of top-quality day care. It often is the difference between my employees working and remaining at home.

The need for child care is well documented, and I have enclosed statements in this packet of information. I think there needs to be some rethinking on the criteria for working with day care as a business.

I would also like to include in my testimony, we have established or developed a unique day care method that we have gone and taken outside of the four walls of Wyoming and contacted a major hotel chain, and they have listened to our ideas of testing this in the hotel chain, and therefore putting this method in the hotel.

The other thing I believe in, as I know you do, is: I have told you my problems. I also think that negative energy needs to be turned into action—and we're very proud, at Grandma's Rocker.

'This fall, we contacted Good Morning America, and we will promote, for Worland Winter Wonderland, a 15-second spot promoting ,that, that will air December 15.

Senator WALLOP. Good. Thank you.

[The prepared statement of Ms. Truman follows:]

GRANDMA'S ROCKER
1706 YELLOWSTONE
WORLAND, WYOMING, 82401
(307) 347-3030

August 10, 1987

The Honorable Malcolm Wallop
40 S. Main
Sheridan, Wyoming 82801

Dear Senator Wallop,

Enclosed is my testimony and the adequate documentation for the Senate Small Business Committee Hearing, on August 14, 1987.

I appreciate the time you are taking to attend this hearing.

Sincerely,

Peggy Truman

GRANDMA'S ROCKER
1706 YELLOWSTONE
WORLAND, WYOMING, 82401
(307) 347-3030

TESTIMONY

SENATE SMALL BUSINESS COMMITTEE HEARING

AUGUST 10, 1987

My name is Peggy Truman and if I haven't called you it is because I dont' know your number. I represent GRANDMA'S ROCKER. GRANDMA'S ROCKER is a Day Care Business. I have been in business for six years. I started watching three to six children and now have a business that will include service to 83 families this fall. My facility, when completed, will serve approximately 300 different families. I also have a small business that provides child transportation for working parents.

The reason I am at this hearing is to tell you that, after contacting 22 state and federal agencies, I find that the uniqueness of a day care business is not recognized by the state and federal agencies. Therefore, development assistance in dollars and business counseling are not adequate. To run a good day care business providing service in a community such as Worland, to more than twelve children becomes like running an institution such as a nursing home. It is not a small home-developed cottage industry. There are regulations to fit my operation but I do not fit any of the regulations of funding resources.

The problems I have encountered in developing my business are:

1. In the expense of remodeling the facility to meet state and federal guidelines (and to have an adequate facility to meet my standards), I incurred a substantial debt. The stringent guidelines for taking care of 12 or more children (and I don't disagree with them) are:

   -35 sq. ft. per child

   -one bath per eleven children

   - a commercial kitchen

   -sanitized finishes

   -totally fenced yard with safe play areas
   75 sq. ft. per child

   -current code plumbing and electrical wiring

   -etc. (see WYOMING FOOD SERVICE REGULATIONS AND DEPARTMENT OF FIRE PREVENTION & ELECTRICAL SAFETY INSPECTION GUIDELINES FOR CHILD CARE OCCUPANCIES AND CHILD CARE CERTIFICATION

GRANDMA'S ROCKER
1706 YELLOWSTONE
WORLAND, WYOMING, 82401
(307) 347-3030

STANDARDS). Neil Blooenrader, former state compliance officer, stated in a letter to me: "These facilities are more regulated than commercial restaurants."

2. The expense of educated staff and constant curriculum development.

In order to seek out low interest loans and/or loan guarantees, I have contacted SBA, the EDS Board, Link Deposit, etc., and to this date have not been able to find the financing needed from the public sector. I am not the only person with this problem. I personally know of other Day Care Operators with similiar difficulties, and I have enclosed a letter from another woman who attempted to start a Day Care Business in Worland and gave up. Also enclosed is a letter from the Executive Director of NOWCAP who, after study, chose not to establish a day care program because of the expense involved. Mr. Stolns says, "In brief, operating a top quality day care facility is an expensive operation and one for which D-PASS does not provide adequate reimbursement. I salute you on your effort to accomplish this in Worland. As an employer, I know the value of top quality day care. It often is the difference between my employees working and remaining at home."

The need for child care is well documented, and I have enclosed statements in this packet of information. I think there needs to be some rethinking on the criteria for working with Day Care as a business.

GRANDMA'S ROCKER
1706 YELLOWSTONE
WORLAND, WYOMING, 82401
(307) 347-3030

This is the order in which the public and private sectors were contacted (called or written). Some of these agencies and/or people have been contacted more than once.

-BIG HORN FEDERAL SAVINGS AND LOAN

-UNITED SAVINGS BANK

-SMALL BUSINESS ADMINISTRATION

-DALE WEAVER

-WCDA
George Axlund per Dale Weaver's suggestion

-SENATOR SIMPSON
Nancy Shaw
Mary Ann Klink

-STAN SMITH

-GOVERNOR HERSCHLER

-GAY WOODHOUSE

-BILL BUDD

-WASHAKIE COUNTY COMMISSIONERS

-KEN KAZ (Department of Health and Social Services)

-GARY MAYER (State Planner)

-NANCY FREUDENTHAL

-RAY MARQUARDT (University of Wyoming)

-KATHY KARPEN

-GOVERNOR SULLIVAN

-HOME BASED BUSINESS WORKSHOP

-JOE EVANS

-MIKE SCHWOPE (University Extension Agent)

-LINDA JONES (Consultant to the EDS Board)

-DANIEL HERRON (Coordinator, Small Business Institute)

-HOWARD.HUTCHINGS, MSPH (Director of Environmental Health)

-MARY KAY WARDLOW (University Extension Agent)

-SUSAN BAHR (Extension Program Coordinator - Home Based Business)

-GERALD GEIS

-MARK PETERSON (WCDA)

-STATE BANK OF THERMOPOLIS
Don Nightengale

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-STOCKGROWERS STATE BANK

-FIRST WYOMING BANK

-SECURITY STATE BANK OF BASIN
Doug Crouse

-WOMEN'S BANK OF DENVER

-SMALL BUSINESS INNOVATIVE RESEARCH, WASHINGTON, D.C.

-STATE ECONOMIC DEVELOPMENT CONFERENCE

-DR. DEVRIES (University of Wyoming)

-NORTHWEST COMMUNITY ACTION PROGRAMS OF WYOMING, INC.

-LLOYD SNIDER (Wyoming Small Business Development)

-STEVEN ELDRIGE (Wyoming Small Business Development)

-MAYOR ROGER BROOKWELL (City of Worland)

-MARK REID (City of Worland Planner - Washakie County Planner)

-NEAL BLOOMENRADER (State Compliance Officer)

-NATIONAL ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN
Barbara Riseman
Eleanor Gugenheimer

-SBA (Denver - Gill Ceneseros)
Russ Barry

-VENTURE CAPITAL COMPANIES (outside of Wyoming)

(Additional material retained in Committee files.)

Senator WALLOP. Mike.

STATEMENT OF MICHAEL L. LONG, DIRECTOR OF FINANCE, WASHAKIE MEMORIAL HOSPITAL, WORLAND, WY

Mr. LONG. I represent Washakie Memorial Hospital, which is a 30-bed acute care facility here in Worland; and what I intend to do is to provide testimony of the impact of health care on the small business.

Currently, we are budgeted out $2.4 million revenue for 1987, $2.3 million in budgeted expense for 1987. The remaining $100,000 quote, "profit," is estimated to be written off due to Medicare bad debts.

Our problem out here in Wyoming is that our Medicare utilization is quite high. At Worland, we are currently at 54 percent. We have 4 percent Medicaid utilization, which means, then, that the remaining 42 percent of other paid patients have to pick up the costs that Medicare or that the Federal Government will not pay for.

Under the current prospective payment system, when it was first introduced in 1984, there was a 17-percent differential between urban hospitals, such as Cheyenne and Casper, and rural hospitals, such as here in Worland, which means they get paid 17 percent more money than we do for the same type of service.

In the written testimony that was given to you, we showed, documented, six given cases. The net outcome of that is that the hospital in Casper will be paid $7,981.95 more than we will for the same identical 6 cases.

If we project that over our Hospital's 293 anticipated discharges for the year, we would have received an additional $293,000 that we're not going to receive. That's bottom-line profit that the small businesses have to pick up.

Currently, the capital reimbursement is being reduced because of the Graham-Rudman legislation, by 3½ percent.

Under new legislation that is to go into effect on October 1, 1988, they are anticipating that a 2-percent over-all increase in DRG payments will be made to rural hospitals; however, because the Gramm-Rudman legislation, an 8-percent reduction in capital payments will occur, which will net out to a 6-percent net decrease in total payments received by the hospital. In October of 1989, those reductions will then be increased to 10 percent of total payments.

Another problem that we have in this State is malpractice insurance. Currently in the Big Horn Basin, there are only three doctors in the southern Big Horn Basin that will be doing obstetrical care.

For a female patient to have obstetrical care done in this area, she has to come here, or she has to go to Casper, Powell, Cody, or Billings. There are no doctors in this immediate area that will cover OB's. The reason for that is because they cannot find malpractice coverage.

Hospitals are a place of caring, but with restrictions made on it by Medicare, there is a larger competition for the care—for the dollars that provide the care.

What this means in the future is that the marginally-ill patient—the walking wounded, if you want to call them that—will be

discharged earlier, because the hospital cannot provide, cannot survive.

Hospitals will begin to be run on a financial basis instead of on a health care/patient care basis. What this ultimately means is that the quality of care to the patients will decline.

Some of the major roadblocks that we've had to address is the cost or availability of malpractice insurance. Our major roadblock is HCVA—the interpretations by HCVA, of the intent of Congress on legislation. The "Pork-Barrel Politics"?

And then the final issue is for HCVA to issue their regulations on a timely basis. As the rules state, HCVA will issue their legislation on or before October 1, to coincide with the Federal fiscal year. They have to provide that information 30 days prior to that.

Well, what that means for us is that any legislation and changes are occurring 60 to 90 days after we begin our fiscal year—which gives us all sorts of problems in trying to anticipate what the Federal Government's going to do in reimbursement.

That's all I have—and thank you, for the opportunity to testify.

Senator WALLOP. Thank you, Mike.

[The prepared statement of Mr. Long follows:]

Senator Malcom Wallop
c/o Mary Fletcher
Sheridan Office Director
40 South Main
Sheridan, Wyoming 82801

Dear Senator Wallop;

I represent Washakie Memorial Hospital, a 30 bed hospital located in Worland, Wyoming. I will be providing testimony in the areas of impediments and bureaucratic roadblocks as it pertains to the area of rural healthcare in the state of Wyoming.

GENERAL INFORMATION:

30 bed acute care facility
rural status by medicare for reimbursement purposes
$2,421,135 budgeted revenue
$2,328,261 in budgeted expenses
$98,239 in budgeted medicare deductions from revenue
53.61 % medicare utilization

I.) REIMBURSEMENT ISSUES

We believe that the reimbursement amount should be made more equitable between rural hospitals and the urban counter parts. Here in Wyoming, it costs a facility approximatly the same amount to hire a professional person to complete a job, as it does to hire the same person in Casper or Cheyenne. Also, due to the added expense of transportation costs, there is an increase in the price for the same service being provided. We therefore believe that the two tier reimbursement system under current Medicare regulations should be equalized if not eliminated. If not, the projection by the AMERICAN HOSPITAL ASSOCIATION for the elimination of up to ten percent of the nations hospitals by 1995, will become a reality.

It should also be pointed out that due to the long distances within Wyoming, that the elimination of any of the healthcare facilities would have a major impact on the state as well as the local economy of the area.

Washakie Memorial has two areas of concern in regards to the above. First, the issue of capital reimbursement for the upgrading of the physical plant and equipment. As it currently is reimbursed, Medicare determines the allowable capital cost from the prior years "Statement of Reimbursable Costs", they then divide the allowable cost into 26 equal payments to be made during the year. Medicare will then adjust the payments on a quarterly or semi annual basis. However, they are currently reducing these payments by three and one half percent (3 1/2 %) due to the Grahm Rudman legislation. (It is projected that these payments will be reduced on 10/01/1987 to eight percent and then on 10/01/1988 the reduction amount will be equal to ten percent.) What this means is that medicare is not only not going to pay "cost" for the use of capital by medicare beneficiaries, but they are forcing

the facilities to cover the burden of this additional cost which Medicare should be paying for.

The second issue pertains to the equal payment for services. For providing the same services as would be comparable in Casper, assuming that the cost of providing the service excluding capital, are similar, the following would happen:

		REIMBURSEMENT		ADJUSTMENT	
PATIENT	CHARGES	WORLAND	CASPER	WORLAND	CASPER
A	18,521.85	5,951.66	7,967.03	12,570.19	10,554.82
B	14,179.60	2,643.82	3,881.78	11,535.78	10,297.82
C	8,605.65	2,529.29	3,713.62	6,076.36	4,592.03
D	6,293.90	1,415.47	2,078.25	4,878.43	4,215.75
E	935.25	2,980.84	4,376.62	(2,045.59)	(3,441.39)
F	1,383.30	1,482.37	2,176.49	(99.07)	(793.19)
G	819.50	1,690.57	2,482.18	(871.07)	(1,662.68)
TOTAL	50,739.05	18,694.02	26,675.97	32,045.03	24,063.08

A VARIANCE OF $7,981.95, IN REIMBURSEMENT, FOR THE SAME AMOUNT OF CARE.

As the above shows, there is a large variance even within the state. Now it should be taken into account that we are not trying to be like the hospital in Casper, and that their overall costs are much higher, but, when taking about specific procedures the cost are comparable.

We also believe that the hospitals in general should be reevaluated (new Base Year) as the hospitals that were "efficient" during the base year of 1982 are now being penalized for that efficiency, and the "inefficient" hospitals are being paid more for having those additional costs added to the base year.

II.) MALPRACTICE

Currently Washakie Memorial Hospital is the only hospital in the south basin area which will handle obsterical cases due to the increase in malpractice insurance costs to the physicians. As it currently stands, an obstetrical patient who does not wish to deliver in Worland has to travel to Powell, Billings, or Casper to receive care. We believe that is a burden which the patients should not have to endure.

III.) OTHER

Healthcare facilities should be a place of caring for that portion of the general public who are ill. Under the current Medicare system of reimbursement this is becoming increasingly more difficult to achieve. What will end up happening is that the hospital as we know it today will disappear. It will be replaced by an acute geriatric care type of facility as the acuity level of our patients continues to increase. The hospital will then be forced to discharge the marginally ill patient as the competition for the healthcare dollar will increase.

This will bring about the ultimate problem of the decline in quality of care in the hospital system as we know it today.

We at Washakie Memorial have started to address these issues as have other facilities across the nation. We have frozen the salaries of our employees and we have not gone out and replaced needed equipment to provide the patient with the best available care. This alone has shown to decrease the utilization of the facility.

IV.) BUREAUCRATIC ROADBLOCKS

Some of the major roadblocks in the healthcare industry are the following:

1.) Malpractice insurance - cost and availablity
2.) HCFA interpretations of the intent of congress
3.) Porkbarrel politics (ie the state of Oregon exemption on blending)
4.) The problem with congress leaving an issue alone to see if it will or will not work (prospective payments)
5.) The failure of HCFA to issue regulations on a timely basis
6.) The "muddy" out look for healthcare in the next 5 to 10 years.
    a.) Will there be a catastrophic health plan?
    b.) Capital pass thru payments?
    c.) Capitation method of payment?

I thank you for this opportunity to testify before you concerning these issues.

Sincerely,

Michael L. Long
Director of Finance
Washakie Memorial Hospital
Worland, Wyoming

Senator WALLOP. Ben.

STATEMENT OF BEN WEEKS, PRESIDENT, LANDER DESIGN CORP., LANDER, WY

Mr. WEEKS. Thank you, for your patience, Senator, and thank you for inviting me.

I think it's symbolic, in many ways, that I'm the last testifier on the list, with the initial "W" I'm often in that position.

But also, I represent Lander Design, over in Lander, which is a product typically of the system that we've talked about today. A couple of us made our commitment, and with a handful of investors, we've gone the route.

We have applied to the EDS board. We've received funding from the EDS board. We've received the total commitment and support of the town of Lander.

Our company is not just a small, private company. It's almost a community enterprise—there is so much involvement and interest and support in the town.

Lander is somewhat unique. We have an excellent paid municipal staff member, but we also have the leader corporation—which is similar to the Leads group, in Cheyenne—and their involvement. Their participation and support has been excellent.

We have had some handicaps with the EDS board, but we got the money, and we're in business. With this money, we have developed, patented, and produced a portable propane heater. It's a unique heater—and it has been produced and sold through markets such as United Airlines, and Pacific Power & Light, and large commercial companies. But far and away, the best market that we've had a taste of is the military.

Thanks to the Small Business Committee participation, we've been to small business conferences, and we've been exposed to, you know, many ways to do business with the military.

I might say the small business specialists at each of the bases we've called are excellent help. They really go out of their way to set up appointments and make people available, and help in every way possible.

Our dilemma is this. Simply, when we go on a base, we can talk to the chief of the ambulance corps, or the base maintenance people, or those kinds of guys, and they can define a requirement for one or two heaters—and have the courage to process a requisition to purchasing, which ultimately makes the sale.

And each time we go to the base, we get great enthusiasm. We get considerable interest, and we sell a couple of heaters.

But the cost of sales at this level is prohibitive. We have been advised to go to the head of the municipal or, the major Buying agencies such as the LA, or DOD, and we have submitted a nonstandard introductory schedule on our item, which will ultimately, perhaps, result in a GSA contract number.

We're told that it can take at least a year—probably somewhere closer to 2 years. Within the military, we can find no central agency that will evaluate.

I say the heater is good, but we would like to have the opportunity to display to someone of major procurement status our heater,

and on the basis that they can buy 1, 2, or 3 at a time, very inexpensively, and, with some projection, consider the purchase of many heaters.

It's realistic, I think, to believe that the heater is applicable enough, that 10,000 heaters a year would be within the realm of practicality. One mass-buy would make sense.

We have approached testing agencies, and nobody is quite sure whether it's within their realm to evaluate something like our product, or not.

The guy that's got a better mousetrap, if he really believes in it, has some difficulty here. There's some kind of a black hole here. If we could find some way to bridge, I would really appreciate it.

It takes 5 people to make a thousand heaters. Ten thousand heaters would be 50 people employed in Lander, and we could certainly use it.

Thank you very much.

[The prepared statement of Mr. Weeks follows:]

LANDER
Design Corporation

P.O. Box 450 795 South Hwy. 287
Lander, Wyoming 82520
307/332-2502

August 14, 1987

Honorable Malcolm Wallop
United States Senate
Small Business Conference
Worland, Wyoming
August 14, 1987

Senator Wallop, Members of the Panel, Ladies and Gentlemen:

I represent a company called Lander Design Corporation in Lander. The company was founded in May, 1985 for the purpose of developing a unique portable propane heater called the CHILLBITER.

The principals and a few interested friends invested $250,000. We have received $190,000 from the Wyoming Economic Development and Stabilization Board. As you know, this is federal money granted through the EDS Board to the City of Lander for our loans which will be repaid by us to the City of Lander's revolving Economic Development Fund.

With this money, and relatively brief time, we have developed, patented, produced and marketed the Chillbiter Heater. With a late start last season, we sold over 150 heaters through the northern states and Alaska. Pacific Power & Light, United Air Lines and utility companies in Alaska were among our important civilian customers. Our greatest acceptance by far, however has been with the U.S. Armed Services.

In attending numerous Small Business Seminars, we have been shown the sincere desire of the various agencies to stimulate Small Business sales to the Federal Government. Over the past year, I have become quite familiar with the various forms and methods necessary to sell to the Military. Incidentally, the Small Business Specialist found at each of the bases is most helpful in setting appointments and lending assistance.

Our dilemma is this. The Chillbiter receives immediate enthusiastic support from all users who see it demonstrated. As Sgt. Harris at Warren Air Force Base put it, "I've never seen anything like it but now I wonder how we have done without it". Each time we demonstrate the Chillbiter to

Military personnel, we sell a few. Because it is a non-standard item, there seems to be no practical way to consolidate requirements for mass procurement. We have been advised to submit a "New Item Introductory Schedule", (NIIS) Form 1171 to the General Services Administration. If this document is reviewed and accepted, it could result in a GSA Standard Item number listing' which could result in volume procurement. We are told this review process could take one to two years. We have not been able to locate a responsible agency within the DoD which will consider any form of mass procurement. There are various testing or evaluation centers apparently for new products but, so far, we have been unable to get into that system.

We are now in the process of submitting "Unsolicited-Proposals" to military evaluation centers but there are as many as twelve different centers each with a different submittal format. The initiation of these proposals is time consuming, plus this procedure seems to be aimed more toward research programs.

For materiel requirements where some form of requisition is processed through to a contracting officer, he can advertise for quotes or proposals to contractors and suppliers and bids are received and a contract is made and this part of the system works very well. When you think you have a better mousetrap,
the problem is getting a requisition started.

In view of the fact that military personnel want the unit and volume procurement would be more economical, there must be some way to get an introduction for a new item, in a systemized, timely fashion.

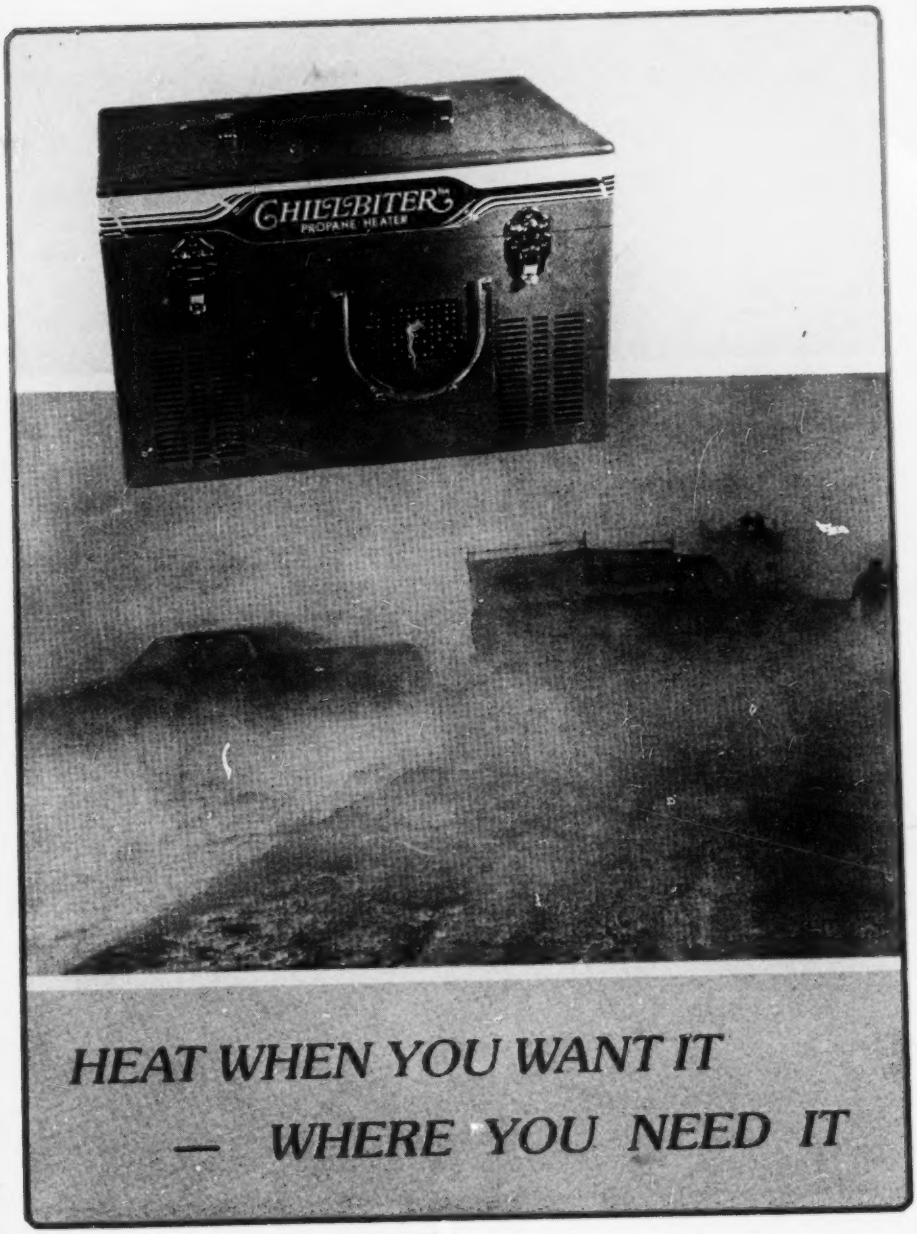
Two years is a long time for a company our size. Lander and Lander Design could certainly use the work. Every 1000 Chillbiters produced requires 5 full-time employees. Considering the Armed Forces maintaining equipment and surviving in cold climates around the globe, 10,000 Chillbiters per year does not seem too unrealistic.

Thank you very much for your time and attention.

I will try to answer any questions as time allows.

Ben Weeks

Ben Weeks, President



HEAT WHEN YOU WANT IT
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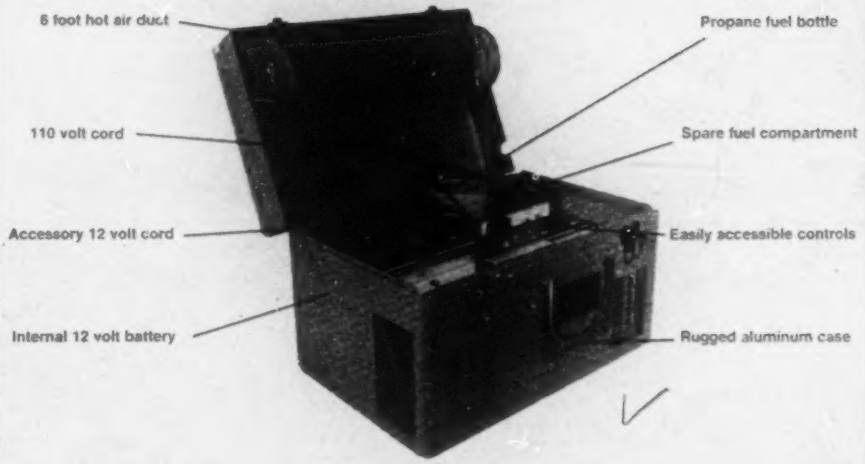

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- *Solid state redundant safety controls*
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- *Warning for low battery voltage and for flameout*
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The Chillbiter® will provide fan driven propane heat variable to 35,000 BTU/Hr. The internal battery will last up to four hours before recharging, and when available, standard 115 VAC power will operate the unit or recharge the battery. For total flexibility, the unit comes with a battery cable and clamps to attach to any 12 VDC battery.

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Specifications

Electrical Input: 115 VAC, 60 hz, .5 amp., or 12 VDC, 5 amp.

Battery Charger: Internally mounted, 6 amp.

Fuel Sources: Bottled propane

Supply Pressure: Bottle pressure

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Fan Motor: 1/20 hp, 3200 rpm, permanent magnet, 12 VDC

Fan: 150 CFM, squirrel cage

Heat Duct: Flexible, fire resistant, 4" dia. × 6 ft. long

Ignition: Solid state, flame sensing

Heat Output: Manually adjustable up to 35,000 BTU/Hr

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AC Power Cord: 8 ft. long

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Senator WALLOP. Thank you, very much. And We would hope to be at least of some assistance in that, at least, getting the rating under way. I can't guarantee anything, except that we will try—but we will be happy to do that.

Mr. WEEKS. We'd appreciate that, very much. We just need an opportunity to show.

Senator WALLOP. Peggy, are the requirements of which you spoke, are they State requirements, or Federal requirements, or both?

Ms. TRUMAN. I'm not sure how Wyoming's set up. Wyoming is at the top of what they do require, and I think they're handed down from the Federal agency.

But I must add that they are an absolute must to make sure that children get quality care. They are given to us through the Department of Health and Social Services, so I'm sure it's from the Federal level although in some States, like Utah, for instance, it's a buyer-beware, for day care.

They have let go of that, now, and parents are just on their own to check out day care, where we still have a State agency that oversees it.

Senator WALLOP. Well, one would approve of that. But let me ask you this: Supposing—supposing—Crown & Cork were to provide these services, as a corporate perk: Would they face the same requirements and difficulties?

Ms. TRUMAN. Yes.

Senator WALLOP. They would.

Ms. TRUMAN. Yes.

Senator WALLOP. OK. Then your problem is essentially persuading a lender, an investor, a venture capitalist—somebody—that there is profitability at the end of these investments.

And because they do not have any big experience, I suppose——

Ms. TRUMAN. No, and there's not a lot of information available about day care, other than we have a severe lack and a gross customer need.

Senator WALLOP. Well, clearly, when one starts defining business climates, that is yet another part of the whole spectrum.

And, Mike, I am concerned about what you are saying. I do want to put one thing to rest: It is not Gramm-Rudman, per se, but a decision made under that.

Mr. LONG. Yes.

Senator WALLOP. Gramm-Rudman does not dictate that you do not pay for rural hospital care.

And we have been, as you well know, struggling—and through my Office, and on the Finance Committee, with Garber and a couple of others—to get some rural health care consideration in the payments of DRG's.

HCFA: I mean, if you are frustrated, I am, I do not have any money in it, but, boy, am I frustrated. That is one of the major black holes of Government.

Mr. LONG. Yes, sir.

Senator WALLOP. Always has been. And let me ask you this: Your fiscal year is——

Mr. LONG. June.

Senator WALLOP [continuing]. Designed by you, or by the State, or by the county?

Mr. LONG. No, when it was originally set up, it was set up by the county, or whatever, and it's set up as a June 30 year-end.

Senator WALLOP. What would it take to change that? Because clearly, I do not like to see the world knuckle under to the Federal Government, but it is not going to change its fiscal year.

Mr. LONG. Under the current regulation system, it is almost impossible to change your fiscal year. The red tape is so involved, and it's not worth the hassle.

Senator WALLOP. Well, it would seem like it would, if you cannot tell how you are going to be able to budget until 5 months after you are into your fiscal year. Seems like that is something of a hassle, too.

Mr. LONG. Yes. Well, what we try to do is do our best crystal-balling as we possibly can, and then try to do a variable budget after the final regs come out.

Another problem we run into, is that final regs, regulations, are not issued in a timely manner. There are issues concerning appeals, various issues in what is called the base year of Medicare—1982 base year appeals.

Those regulations were supposed to have been finalized some time in 1984, and to date, they still are not finalized.

So there are approximately 7,000 hospitals in the United States that are waiting to file base year appeals. They cannot file those appeals, because the final regulations have not been completed yet.

Senator WALLOP. Seems like 7,000 hospitals would represent something of a political force, wouldn't they?

Mr. LONG. A lot of that has been done, but the various groups, splinter factions, if you want to call them that,——

Senator WALLOP. Are challenging.

Mr. LONG [continuing]. Are challenging, yeah, whatever issues. A lot of emphasis, right now, has been put on, through the medical practices, to keep doctors out of a DRG-based system.

Senator WALLOP. Well, I appreciate what you have told us, and I appreciate what everybody has told us.

One of the things that we did not really get into today, and yet fascinates me, is the effect of the new tax law on small business.

One of the reasons I voted against it was because I thought it was bad for small business, and I think in many respects, it is. I would be sort of interested to see what these year-end conformity rules are going to do.

This hearing record will remain open, for a couple of weeks, and I would be interested to hear from accountants or small businesses, who may wish to say what they find in the current Tax Code—and I say the "current one," because there have been so many, in the recent years—to be either helpful or hurtful, what we should retain and fight for, and what we should try to change.

The technical corrections bill may pass this year. I would like to be able to use the experience of Wyoming small business, Wyoming's business, indeed to find and make whatever technical corrections might make that road a little easier.

So if people are interested in submitting testimony on taxes or any other issues, I would welcome them.

The morning has been really pretty stimulating, as far as I have been concerned. I think it has been very useful.

I see us stuck in a little kind of a chicken-and-egg circumstance—and the worst part of that is that we are not even able to define which is chicken and which is egg, so that we know who ought to come first.

And, we have no capital; if there is no capital, there are no projects; and if there are no projects, there is no need for capital. I mean, that has been swirling around.

It is clear, from listening to the testimony of a few of Wyoming's entrepreneurs, that a great future can exist here, that there is talent, that there is a labor pool, that there is a quality of life.

It is clear, as well, that the risks are plentiful, but I just cannot believe that we will advance a yard, if we don't take some of those risks.

And who should take them? All of us. The answer has to lie in the sort of pogo definition: "We have found the enemy, and it is us."

If we do not take any risk, we cannot complain about no progress. And if we complain about the risks that have been taken in our behalf by Government entities that are here to advance the interests of small business, if that becomes too much a political peril to do, then we kill ourselves—because if the EDS board, if WCDA, if the SBA, if the other people cannot take a risk, with some confidence that they will be backed up in it—and prudence is required, in that—then we are really at no purpose in having had this hearing.

In line with that, we need risk-measuring skills, and in terms of getting risk-measuring skills, I think State Governments and others are going to have to be able to pony up enough, to get people to do that because it is in the interest of the State, long run, to have people who know how to weigh risks, to eliminate the political risks you know, to take; but to take a chance in behalf of our future, and you cannot do that with somebody who has neither the skills nor the experience to do it. And it is in the long-run interests of the State.

The competition for these businesses is high. We have heard testimony from people who are weighing staying, and we do not want them to weigh staying; we want them to stay, and we want to find the means by which to do that.

We do not want Billings seducing our businesses from Jackson, or any other State taking them out of here. Unless there is a demographic or a geographic reason for them to be somewhere else, we want them here; and we want to be able, as a State, to respond, and we want to be able to do that from both the Federal and the State government level, as well as the Wyoming financial community and investment communities. It is in all our interests here.

So I guess we have all heard it said, that development has not done well, here. But we have all seen signs that it is in the direction of doing it well.

It is not surprising, that it has not done well now. We only, a few years ago, did not feel we had to do anything—that we would all be rich forever, and that the golden eggs of energy would pour on us

for the rest of time. We had slogans, and everything else, that went with that.

But I have seen a lot of energy, and a lot of intelligence, and a lot of good stuff being devoted to developing those skills and to toward opening our attitude towards an economic future.

I was fascinated by the small business incubators. I have hope for the Amendment Four monies. I think we really ought to find a way to move faster on those things.

I think that the testimony that said that the State investment should be a little higher in Wyoming is something that all of us have heard for a long time, and maybe now we can begin to see some of that investment of State capital in Wyoming.

Again, it contains risk. One would like to have the State's funds as secure as possible, but they may be from people who were formerly citizens of Wyoming—and if we do not take some risk and keep it here, it would be like, you know, Alaskans get their $5,000 every year, but that does not do anything for us to stay here and develop the business climate of Wyoming.

I mentioned that I think the State needs self promotion. I think we need to get less defensive about what we are and more aggressive about what we know. You know, at every level—individual, the main street organizations, the State organizations, and the congressional delegation—all of us need to do better, and in order to do that, again it comes back to the data base. We have to know more of what we are.

I see the community organizations as sort of the first and fundamental basis of where that starts. They are far along and more creative. But I think we all have to do it.

I think that the community colleges and the university are part and parcel of a great business climate potential, under-utilized, but their realization of what they are, and can be, seems to be advancing, and advancing from self-generated intelligence and self-starting.

I would say again, you know, that if I did not hear anything else out of this this morning, I heard that business needs decisions. It just has to be able to know that when you have something in hand, that you can do it.

The computer systems, that are time-sensitive to 6 months for product viability, cannot wait a year to get decisions as to whether they are going to get capital.

We have to do that. We, as a State, must, if we are going to compete, be able to provide decisions. People need to know that they are not going to be able to get it, too. I mean, not everybody who has an idea is necessarily eligible for the full risk-taking potential of the State of Wyoming.

But they ought to know that fairly quickly, so that they do not either waste any more energy or money trying to get something that they are not going to get, or look at another area, or give up and do some new thing.

I hear that Wyoming has to be able to provide expertise and decision, and statistically, that is always against us, because we are such a small population and such a large territory, but the idea that we might be able to pool these things through modern communication methods—the computers, the skills in Cheyenne—ought to

be able to—businesses in Worland, and products from Worland—ought to be known to people in Evanston or people in Cheyenne or people in other places.

I have heard about health care, and that concerns me greatly as part of the business climate, because increasingly, people demand full-scale capabilities where they get their health care.

That makes it very difficult for rural hospitals. You cannot have CAT scans, and all this—you know, the huge panoply of equipment—and provide it on call. You have to have the transportation and the ability to move that information back and forth and to attract people, despite the uncertainty that you are going to have these to be part and parcel of them.

I guess what I found, out of all of it, is what I have always known and what I've suspected: This is a State of enormous courage, and enormous desirability, and enormous desire to get on with it.

I really appreciate it, and I appreciate all of you who have taken time from your businesses, from your administrative duties, and from whatever you have taken time from, to come down here and to listen, and to learn, and to help educate us. I think it has been a useful hearing.

Again, I want to thank my staff and our reporter, who has been extraordinarily patient in all of this, listening to my mumbling. I know, from talking to other reporters, how that goes.

But thank you all, very much, for coming here.

I have to tell you what my purpose is now: My purpose is to go home to the ranch, and ruminate on this—and I shall put it to use, when I get to Washington. But in the meantime, I am going to ruminate.

Thank you, very much. The hearing is closed.

[General applause.]

[Whereupon, the hearing was adjourned at 1:15 p.m.]

APPENDIX

To: Senator Malcolm Wallop

From: Joanna Shelton - Immigration Information Service

Date: August 13, 1987

My name is Joanna Shelton, the name of my business is Immigration Information. I am a Qualified Designated Entity (QDE) for the State of Wyoming. Our office assists Illegal Aliens with their documentation for legalization under the Amnesty act. We opened our office at the Worland Airport on June 1, 1987 and at this time are in the process of assisting 54 Illegals with their documentation.

Less than 10% of the 2000 illegals integrated into Wyoming's labor force have started the process which will permit them to remain. This could be catastrophic for small growers and stockmen who face heavy fines for using their traditional work force. Contrary to popular opinion this work force is highly skilled and will be difficult to replace.

There has been little cooperation between State, Federal Agencies and I.N.S. Designated Entities to get this important job done. Is this a conspiracy to rob these small family businesses of competent help with expectations of filling the jobs with the untrained, unwilling, unemployed?

As an example, the local Job Service told me they would not refer unpapered workers to my firm for starting the process of legalization because we charge. (Within INS Guidelines I might add) The nearest alternative is 160 miles distant and I will assure you the difference between my organization and a so-called non-profit is in charter only and perhaps the lack of a few salaried executives.

We are here to help these people and their employers and hopefully make a fair profit from the services we offer in the legalization process.We would like to see cooperation from federally funded agencies that are in contact with illegals on a regular basis.

Time is running out!

Rawlins
Carbon County Chamber of Commerce

August 11, 1987

Senator Malcolm Wallop
40 South Main
Sheridan, Wyoming 82801

Dear Senator Wallop,

It is with regret that I write this letter informing you that I will not be able to attend your Senate Small business Hearing, due to the Chamber's involvement with the Carbon County Fair's 4-H Livestock Sale on August 14, 1987. I would very much appreciate the reading of this letter and that it be actively placed on record.

In regards to the involvement of the Rawlins-Carbon County Chamber of Commerce with the small businesses in our area, we are constantly looking at ways to assist our businesses. Our Chamber has been very active in our local Economic Development Corporation, which we feel is one of the leaders in Wyoming as well as providing seminars to our businessmen. Some examples of these include New Tax Laws, Dept. of Revenue, Immigration Laws, Job Service programs, Wyoming Economic Development and Stabilization Board, and Wyoming Small Business and Development, to name a few. We also work closely with the Carbon County Higher Education Center, Wyoming Retail Merchants, Wyoming Small Business and the Job Service in continuing to explore new programs to assist and promote small business. Issues on the local, county, state and federal levels are monitored by the Chamber and forwarded to our membership when the need arises.

As we are all aware, Carbon County has been hit hard by the economic downturn, but we have been fighting back and will continue to do so. Plans are currently underway to become more involved with our agricultural community, which we feel is a very vital part of our county, and to build a Tourist Information Center to capture a larger percentage of the tourism industry. Our business community is struggling, but they are and will continue to explore new methods of adapting to the economic conditions.

Again, I apologize for not being able to attend and hope this letter has been beneficial to your hearing. Thank you for your consideration and offer our assistance to you and your staff.

Sincerely,

Lyle A. Anderson
Manager

LAA:clw

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COMMENTS FOR THE SMALL BUSINESS HEARING
Dated August 14, 1987, in Worland, Wyoming
Organized by Senator Malcolm Wallop

This testamony is supplied by Jay Grabow, recent past-president of the Carbon County Economic Development Corporation, in response to a request from Dale Bumpers, Chairman, Small Business Committee.

My comments are centered on two subjects. First, the successes experienced and, second, the problems and constraints we have faced.

A.) The Carbon County Economic Development Corporation has experienced a number of successes in bringing new industry to our county, including Jack Alexander Furniture in Saratoga, Hammer Sawmill in Encampment, and Coalbrick in Rawlins. These firms are in place, currently operating, and appear to be a long-term addition to our economy.

We currently have a list of prospects that we are pursuing and feel optomistic about their potential success. It is felt that the success that we have experienced should be attributed to the following:

1. A local board comprised of very interested and committed local businessmen. The economic growth of the county directly effects these board members destiny.

2. County commissioners that both politically and financially support the economic development efforts of our local corporation. The county commissioners have consistently funded economic development efforts through this board over the past six years.

3. Application of a philosophy centered upon pursuing projects that have a reason for being located within our county.

B.) Our corporation was the first in the state to get federal economic development administration designation. We have found this application and approval process

for the designation to be very lengthy. We are currently in the process of applying for an EDA grant to supplement funding on a tourist information center. It appears that this process also is going to require many months of applications and reviews prior to a determination. We feel that economic development efforts must be more time-effective to be beneficial to a local economy.

Carbon County has been fortunate to have county funding in this application. It appears that many counties are severely impaired by not having adequate planning dollars to pursue funding alternatives. It continues to be difficult to know what programs at a federal level are available to help local economic development efforts.

At a state level, we feel that the economic development program was very limited until four years ago. During the last four years, there has appeared to be a lot of interest in economic development; but, we feel that there is still not a solid economic development program in place and operational. The last four years have consisted of changes in policies and personnel, which has made it difficult for local economic development groups to fully utilize state programs.

We offer these comments in a constructive matter in hopes that Wyoming may, in the future, find more successes in economic development. We thank the Small Busness Committee for the opportunity to provide these comments, and apologize that we were not able to present them in person at your hearing.

Jay C. Grabow

Jay C. Grabow, Past-President
Carbon County Economic Development Corporation

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August 12, 1987

Malcolm Wallop
United States Senator
40 South Main
Sheridan, Wyo. 82801

Dear Senator Wallop:

We should be apologizing for not being physically present for this important meeting, but we have been, and continue to be busy enough here at our quarries and Gallery, that keeping with our philosophy, "The Customer comes First"—we are on the job, tending to the summer tourist traffic.

It's been a long tedious, but gratifying effort, to have created, from a fossil collecting hobby---an International Business.

How did we develop this?

Factor (1) produce and market the finest quality product we are capable of producing
(2) always consider the customer your "best Friend" and treat him as such.

For all our years, those have been the two most important factors. For perhaps 20 years into the business, Carl was employed full-time with ElPaso Natural Gas. Co. All income from the young business, stayed in the business--our vacations from the gas company were spent at the quarry producing our quality raw product. Carl would then prepare the specimen in the evenings, weekends, or whenever. The children and I spent the summers at the quarry, and were joined by Carl after he had completed a shift with ElPaso. This rigid discipline persisted for many years, until the small business began to take upon itself a scope that required more finished product. Our market was slowly increasing. A decision had to be made as to which direction our lives would progress—took 2 years for us to sever the security of 19 years with a solvent company, with all kinds of benefits including retirement, and plunge completely on our own—no retirement.

From the beginning we had the quality product. A "Unique to Wyoming product", internationally famous, recognized and appreciated by our European dealers, long before our product was selling in our own Country. Adding to that, a dedicated preparator (my husband, Carl), now recognized internationally for his articulate and artistic techniques---we have now accomplished factor number (1) .

I had some "on the job" marketing experience, working with a fine businesswoman in her small business in Kemmerer. She generously taught me about the customer-management relationship—factor number (2) was being accomplished.

All the rest of the business has been accomplished by doing -- many, many times doing wrong, but at least doing on our own. We have never received any sort of grant, assistance or subsidy from any County, State or Federal Agency. All the time the small business was growing--from the kitchen table to eventually, some 40 years later, our new Gallery Complex at the entrance to Fossil Butte National Monument. Building and growing, but not without pain.

Pain in the very beginning, researching and searching for information concerning our legal role in pursuing our desires. In the beginning, no agency could help us--through our own research, we became aware of our legal obligations.

Pain in seeing our Wyoming product being exploited by other States, as individuals and academic institutions.

Pain in feeling that we are "competing" with agencies, both State and Federal. Competing, though we not only sell a product for survival, but also perform a gratis service for the State and Nation, by providing a Museum-type Gallery, open 7 days a week, 365 days a year. Educate, free of charge, perhaps 500 or more students a year at our Gallery and "Hands-on" Quarry. Though we have developed this open, year-round gratis service for the entire public, we as a private enterprise are not allowed to "sign", or make aware our presence to the traveling public, along our highways.

Sometimes roadblocks and competition, even with government agencies can be developed into stairs, and more creative ideas can materialize. Over the past few years we have gone "Out of Wyoming", participating by our own incentive, in trade shows and doing private shows, encouraging people to come to our area and see, participate, and learn about what we, as individuals are doing. That is slowly paying off, as this summer has been our best ever.

Time disallows any other comments, but I do offer our experience to those who are considering, or have small businesses in our State. This also includes those in the various government agencies.

We would summarize by encouraging better communication between government agencies, and the private small business, realizing only that the needs of private business should be supportative, rather than competetive.

Large financial grants are not the answer to Wyoming's growth--help individual small businesses with information and actual support, rather than to intimidate and "compete".

Thank you for this opportunity.

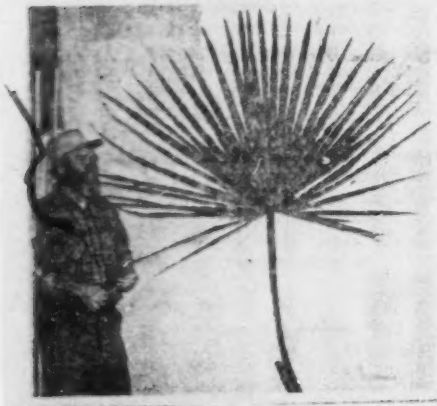
Sincerely,

Shirley Ulrich

Shirley Ulrich
Manager, Ulrich Gallery

ULRICH'S FOSSIL GALLERY

FOSSIL STATION
KEMMERER, WYOMING
(307) 877-6466



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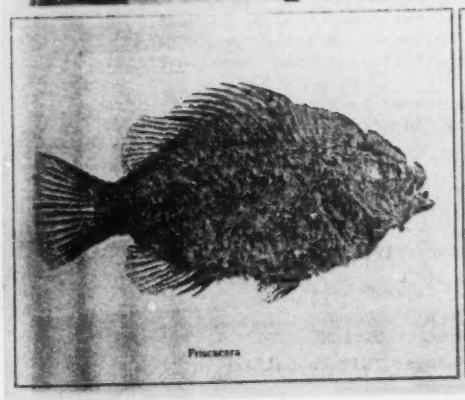
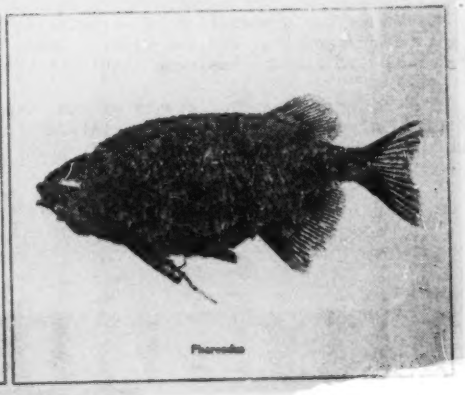
The present Ulrich Quarries originated in 1947 as an avocation of Carl and Shirley Ulrich. Today, the Ulrich Quarries, Preserve and Galleries at Fossil, Wyoming are the full-time responsibilities of the Ulrichs'. Here in these locations are found some of the most delicate fossil specimens in the world. Once discovered, the fossils are carefully prepared, numbered, cataloged, researched, displayed, signed and ultimately marketed.

These quarries are the original *legal* commercial sites producing unprepared fossils. Their "preparatory" at Fossile Station serves as the center of Carl J. Ulrich's meticulous hand preparation process. Hours of remarkable dexterity and accuracy with scribes expose the detailed fossil. Ulrich fossils are the finest in the world, representing a philosophy of creative utilization and preservation of the fossils of fish, plants and other organizisms of the Eocene Age in a fresh-water lake system extinct for fifty-million years. The fossils are supplied to museums, fine galleries, private collectors and individuals all around the world.



Priscacara



Phareodus

Ulrich's unique method of preparation and presentation has caused many of their works to be shown, not only as scientific interest, but also as an art form.

Otis Art Institute, Los Angeles, California
Los Angeles County Museum, Los Angeles, California
Salt Lake Festival of Arts, Salt Lake City, Utah
Pioneer Village Museum, Salt Lake City, Utah
Western Arts Museum and Gallery, Inc., Los Angeles, California
Pescadora Gallery, Chase Manhattan Plaza, New York
Savage Galleries, Santa Fe, N.M., Scottsdale, Arizona, and Dallas, Texas

Rare specimen of fauna and flora are on display at:

University of Wyoming Museum and Geology Department
Museum of Natural History, New York, New York
Smithsonian Institution, Washington, DC.
Ulrich's Fossil Gallery, Fossil, Wyoming
Fossil Butte National Monument, Kemmerer, Wyoming
Perpetual Storage, Lynch Collection, Salt Lake City, Utah
Rutgers University, New Jersey
Princeton University, New Jersey
Palm Desert Museum, Palm Springs

Present galleries featuring the Ulrich's work:

London Associates, LaJolla, California
Fletcher Galleries, Ltd., Alpena and Harbor Springs, Michigan
Cachoux Gallery, Paris, France
La Collezione Gallery, Rome, Italy
Nahan Galleries, New Orleans, Louisiana
Genot L. Brussels, Belgium
Steinmarkt in europa-center, Berlin, Germany
Pioneer Square, Seattle, Washington
Sun Galleries, Salt Lake City, Utah, Sun Valley, Idaho, Georgetown, Washington DC., Kailua Kona, Hawaii
Galadriel's, Provincetown, and Hyannis, Massachusetts

Besides the above mentioned, the Ulrich's have placed specimens in private collections and museums throughout America and Europe, and have traveling exhibits shown world wide.

CARL J. ULRICH
ARTIST
PREPARATOR